

CHEATING: SEX AND THE MARRIED MAN

the Atlantic

SEPTEMBER 2009 THEATLANTIC.COM

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Buffett,
After the
Crash**

BY MEGAN MCARDLE

**Quentin
Tarantino
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BY JEFFREY GOLDBERG

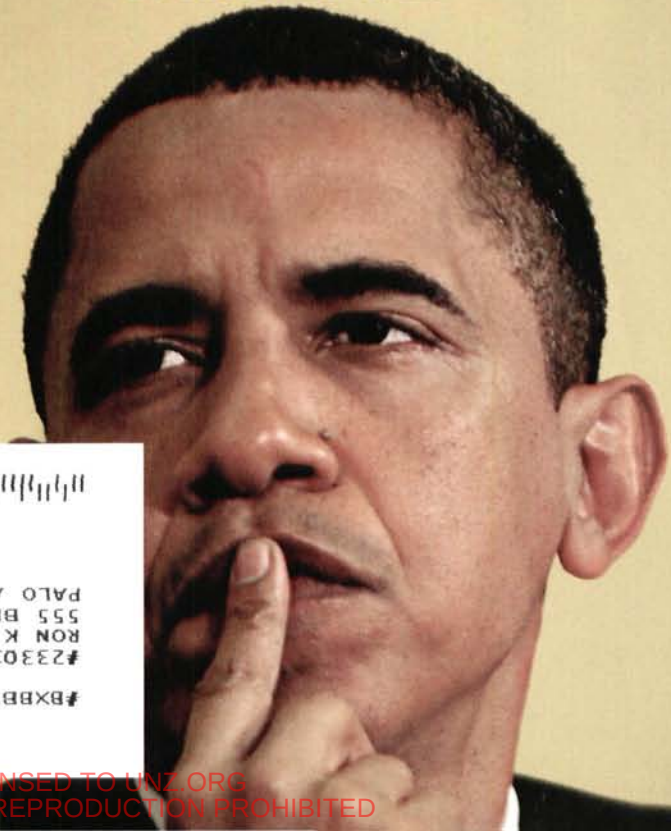
**Ben
Bernanke's
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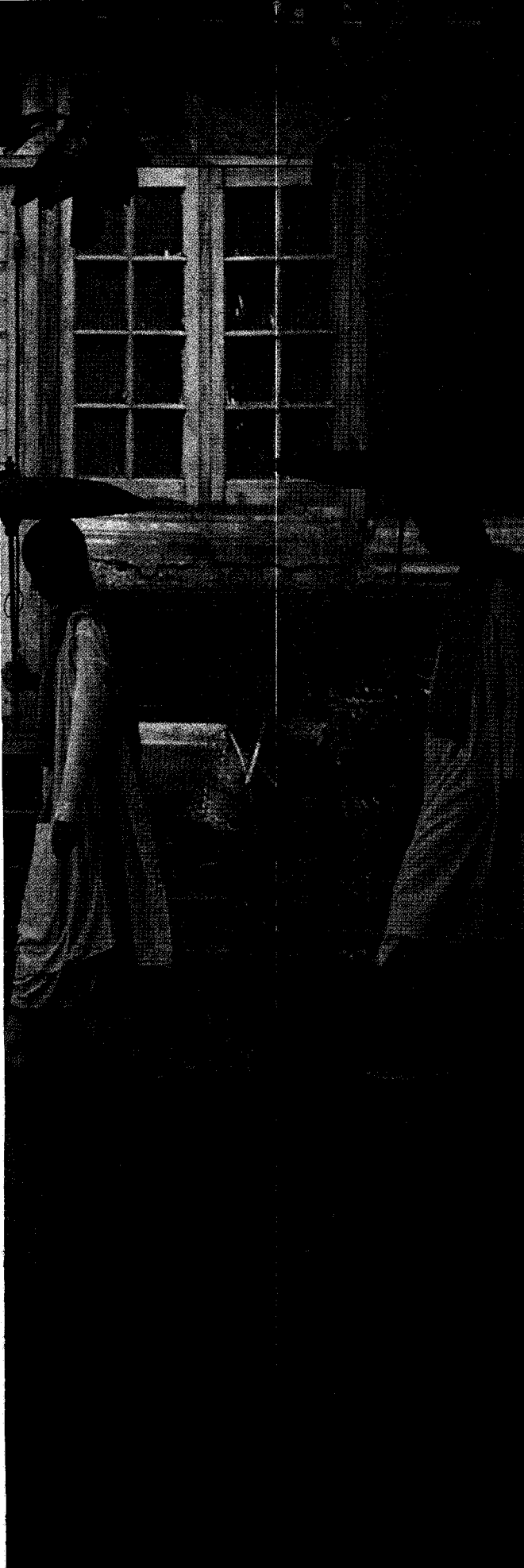
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CONTENTS

DEPARTMENTS

8...EDITOR'S NOTE

10...LETTERS TO THE EDITOR

GALLERY

47...The Shrinking American Car
By Guy Billout

54...Underwater
By Yuko Shimizu

66...Nights in Iran
By Istvan Banyai

POETRY

52...Of Yield and Abandon
By Jane Hirshfield

68...Grave
By Billy Collins

100...WHAT'S YOUR PROBLEM?

Avoid destabilizing desserts, and other advice
By Jeffrey Goldberg



Slow train coming: Cuba's railroad, like its countryside, hasn't changed much in a century, page 24.

Dispatches

DISASTERS

15...FEMA's new administrator has a message for Americans: get in touch with your survival instinct. *By Amanda Ripley*

CINEMA

16...The strenuous life of a B-movie zombie
By Joshua Green

SPORT

17...Hope Solo—loudmouth, showboat, jerk—may save women's soccer. *By Jason Zengerle*

IRAQ

18...How cows can help win the peace in Fallujah *By Graeme Wood*

DRINK

22...Picon Punch tastes best among Basque shepherds—in California. *By Wayne Curtis*

TRAVEL

24...A chocolate baron's train shows tourists the real Cuba.
By Michael Scott Moore

TECHNOLOGY

28...How Google hopes to stay on top
By Kevin Maney

Columns

BUSINESS

30...Warren Buffett has redefined the idea of value investing. But will it survive his inevitable passing? *By Megan McArdle*

MOVING PICTURES

34...Revisiting Woodstock's mass freak-out 40 years later, and the documentary that captured it all *By James Parker*

Books

ESSAY

79...How Helen Gurley Brown inspired a generation of home-wreckers, and brought down John Edwards *By Caitlin Flanagan*

REVIEW

93...Elizabeth Edwards's memoir shows that the pain of infidelity pales in comparison to the loss of a child.
By Christopher Hitchens

COVER TO COVER

98...James Lasdun's latest; garden variety; Freudian food; and more

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by Michael Reynolds/
Corbis

HIGHLIGHTS FROM THEATLANTIC.COM



VIDEO

Peace, Love, and Mayhem
James Parker compares serene (and surreal) footage of 1969's Woodstock with the violent frenzy the 1999 anniversary show unleashed.



SLIDESHOW

Revolutionary Rails
Landon Nordeman shares photographs of capitalist relics and stunning countryside taken aboard Cuba's slow but festive sugar train.



VIDEO

Slow Food With Corby Kummer
In a four-part series, The Atlantic's food editor follows produce from organic farms to restaurant plates.



BLOGS

Your Daily Reading
Twenty top authors—including Daniel Akst, Christina Davidson, Philip K. Howard, and Abraham Verghese—share their thoughts and adventures.

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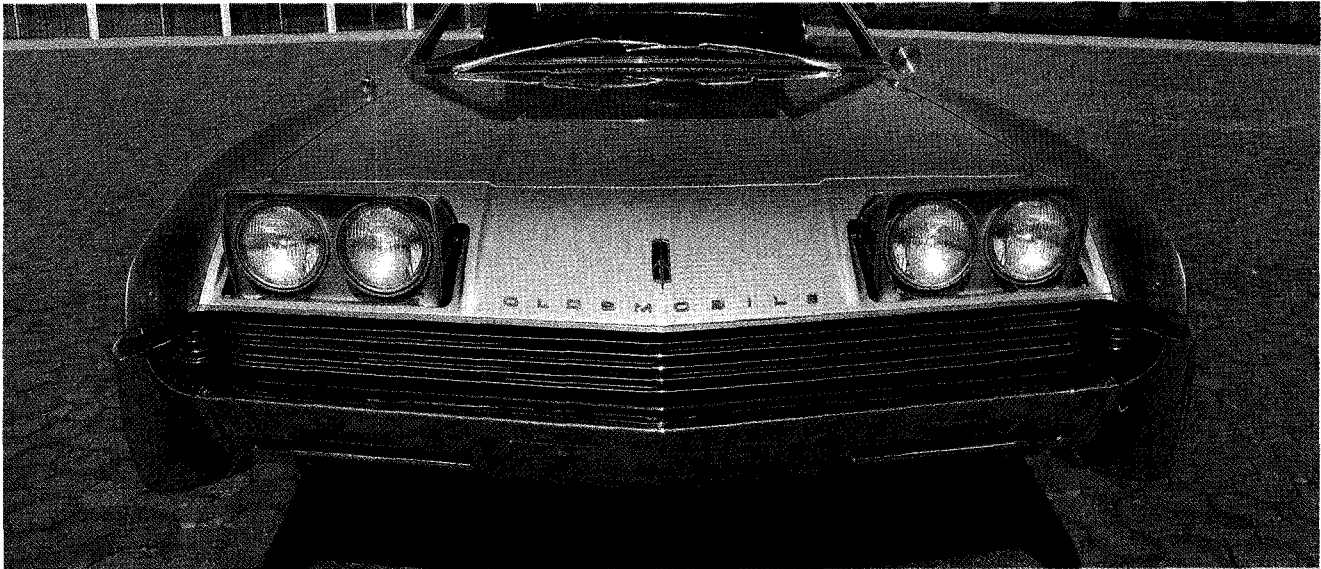


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EDITOR'S NOTE



What's Good for GM

SATURN ALWAYS seemed like Exhibit A of the magnificence of General Motors, and of its folly. Here was a corporation of such scale and ambition, with such distant time horizons, that it would gamble \$5 billion and several years on a giant experiment—a brand-new automaker (a brand-new brand)—to prove that America could still compete, and to breed ideas.

The first Saturn sedan rolled off the line in 1990—seven years after the company announced the concept that it would call “the key to GM’s long-term competitiveness.” From Saturn, GM wanted to learn how to design and build appealing small cars; how to foster collaboration instead of friction between management and labor; and how to bond again with customers for a lifetime. These were things, of course, that some of its competitors were already doing; GM wanted to reinvent their wheels—only better, naturally, since GM would be doing it—and win back those upscale, demanding customers who had abandoned its Pontiacs and Cadillacs for Hondas and Lexuses.

Alongside about 30 Oldsmobile dealers, I once tied on a blindfold and then stumbled, sweaty hand in sweaty

hand, through a cow pasture near the Saturn plant in Spring Hill, Tennessee. It was 1994, and I was working on a story about how Oldsmobile, with its sales collapsing, was putting all its dealers through Saturn team-building exercises in hopes of touching off what it called, without irony, a “cultural revolution.” Olds wanted to remake itself as the next stop at General Motors for Saturn buyers ready to step up to a bigger car.

I’d spent much of my own boyhood bouncing around in the back of an Oldsmobile Vista Cruiser, so I was rooting for the brand. And the dealers gathered in Spring Hill were good guys, as car dealers generally are: beefy, gregarious, self-made. Though they grumbled that Oldsmobile’s problem was shoddy products, not their service, they gamely performed the Saturn trust falls, and chanted “hug, hug” as they embraced, and scaled a 40-foot “corporate wall” in teams of three. At the close of two days, each dealer burned an index card on which he’d scrawled the “baggage” he had resolved to leave behind in Spring Hill.

It didn’t work, obviously. Olds continued to disintegrate, while in Spring Hill the baggage piled up and the corporate walls closed in. General Motors had named Saturn for the rocket that carried Americans to the moon, but it maybe should have considered that

Saturn was also the Roman god who devoured his young, as revolutions are said to do. Other divisions, jealous of the upstart, ganged up to starve Saturn of investment; after starting off with its unique sedan, the division blurred its image by selling as Saturns restyled versions of cars, and even sport-utility vehicles, offered by other brands; and Saturn’s workers eventually voted down its innovative labor contract.

Olds is gone now, closed by GM in 2004 after 107 years. General Motors has cut a deal to sell the Saturn brand—though not, interestingly, any factories—to the Penske Automotive Group. And GM has had to pass through bankruptcy to begin making, at last, the brutal but necessary choices among its many legacy commitments, to its divisions, its dealers, and its workers.

Now it is the taxpayers who are making the colossal bet, of \$50 billion, that an American automaker can compete so that, as President Obama put it, “all of our children can grow up in an America that still makes things.” We’re betting that the new GM can create efficient small cars, harmonious labor relations, and loyal customers. For better or worse, General Motors has become our Saturn. And with our own commitments multiplying as our public debt grows, with no one left to bail us out, we now have to find a way to avoid becoming GM.

—James Bennet

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smarter healthcare systems.**

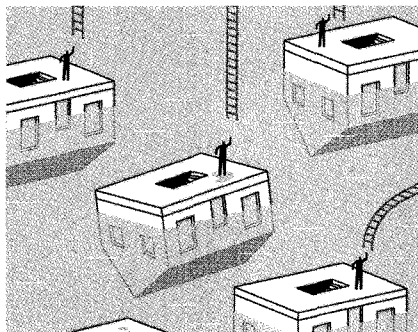
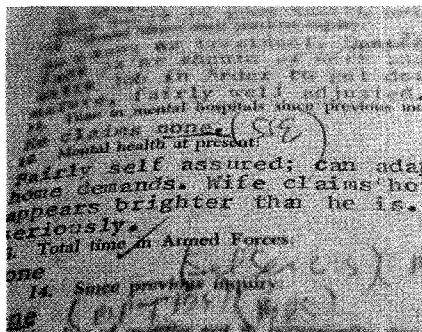


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LETTERS TO THE EDITOR



THE GOOD LIFE

Joshua Wolf Shenk's article, "What Makes Us Happy?" (June *Atlantic*), piqued my interest until I discovered that the *us* in the title refers only to men (and "elite" men at that). The study, while compelling, reflects a well-documented research bias of excluding women that was common until a few decades ago. It is reassuring to know that had this study launched today, it would have included women. What is troubling, though, is Shenk's outdated portrayal of male experiences as universal experiences.

CAROLINE HELDMAN
LOS ANGELES, CALIF.

I first heard of George Vaillant when I was a college student in the early 1980s. When I later attended Simmons College School of Social Work, his *Adaptation to Life* was assigned reading. I am now a social-work educator, and I teach theories of human behavior, including Vaillant's work, which is important in more ways than people may realize. Although Erik Erikson is rightfully credited with the first widely recognized theory of lifespan development, focusing on the psychological tasks of different phases of life, Vaillant and then Daniel Levinson expanded this view, noting that substantive growth and adaptation occur throughout the life cycle. This knowledge is taken for granted now, but it was radical at the

time, when the dominant theoretical views focused on the primacy of childhood in development; childhood was thought to determine, to a large extent,

life outcomes down the road. The Grant Study is limited by its skewed sample of privileged Harvard men, but from it we learn that childhood experience, although indisputably significant, is not as deterministically predictive of adult-life outcomes as many have tended to believe.

This has particular meaning in social work, a profession characterized by great optimism about the human capacity for positive change throughout the life cycle. Social workers are critical of theories that see people's

early negative experiences as setting them on a life trajectory of hardship, poor functioning, and pain. Through whatever theoretical lens we use to understand human beings, we focus on areas of resilience and strength, believing that people are inherently capable of moving forward and growing despite forces working against them.

JEANETTE ANDONIAN,
M.S.W., PH.D., L.C.S.W.
ASSOCIATE PROFESSOR
UNIVERSITY OF
SOUTHERN MAINE
SCHOOL OF SOCIAL WORK

I found Joshua Wolf Shenk's handling of this subject and the people involved (both the studied and the studiers)

sensitive and insightful. In the early '80s I worked in Cahill 3, an outpatient and inpatient clinic for alcoholism on the third floor of the Cahill Building at Cambridge City Hospital. Dr. Vaillant was at Harvard then and, as Cambridge City was a teaching hospital, he worked the ward sometimes. Dr. Vaillant was a folk hero of sorts to those of us working in the field of alcoholism.

I think the story was made more tender by the way Dr. Vaillant's life was shared at the end of the article. In fact, it made the article more powerful to me to know I share his struggle with life relationships, even though I have tools, knowledge, and therapy. It is one thing to know something about yourself and quite another thing to change.

CHRISTINA ONEILL
WHITINGHAM, VT.

Joshua Wolf Shenk replies:

No question, I should have directly discussed the impact of the peculiar sample on the Grant Study's empirical findings. I wonder, though, how more diversity would affect the more subtle points: the fine weave of joy and woe in our lives, for example, or the opportunity for human beings to change and grow across the life cycle. In both its tragic and hopeful messages, I think that the study does suggest universal themes.

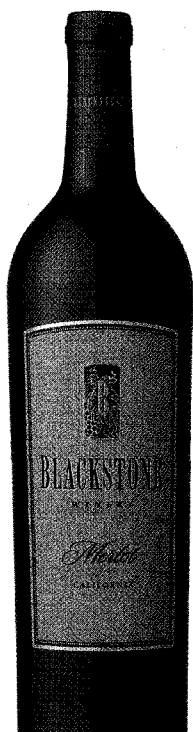
BANKRUPT NATION

Megan McArdle's "Sink or Swim" (June *Atlantic*) makes an excellent case for a permissive bankruptcy regime, particularly for businesses. One would presume that entrepreneurs and those who extend them credit understand the risks and take them on willingly. Those facing bankruptcy caused by



* HER

* MILES DAVIS



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LETTERS TO THE EDITOR

forces beyond their control—job loss, severe illness—likewise deserve some assistance.

However, the taxpayer and consumer in me remains troubled over being forced to help those who gorged themselves on debt by buying homes they could not afford and refinancing homes to buy any trinket they felt they deserved.

I can remember a time when bankruptcy was equated with moral turpitude. Perhaps that was a bit too moralistic, but it did put a price on bankruptcy that is missing today. Bankruptcy has gone from a fate to be avoided to another right detached from responsibility.

JERRY RAINVILLE
ANNAPOLIS, MD.

Megan McArdle fails to mention perhaps the greatest cause of personal bankruptcy in the U.S.—medical costs.

A recent Harvard study found that 50 percent of all bankruptcy filings involved medical expenses and that the filers' average out-of-pocket medical debt was \$12,000. A 2008 study found that 1.5 million families lose their homes to foreclosure every year because of unaffordable medical costs.

In America, we tend to assume that everyone has these costs. That is not true in western Europe, where virtually no one goes bankrupt because of medical costs. The procedures and drugs over there are almost completely covered by various national health programs, which protect all citizens from these costs.

Considering these huge costs that western Europeans don't have, it seems

obvious and unfortunate why Americans have a much higher bankruptcy rate. Eliminating health costs from the family budget frees you from the most unpredictable financial disasters.

WILLIAM G. HAYNES
LYNCHBURG, VA.

Megan McArdle replies:

Jerry Rainville is quite right that bankruptcy shouldn't be costless, and a reasonable argument can be made that rising bankruptcy rates stem from increased cultural permissiveness regarding bankruptcy. But most people who file for bankruptcy find it extremely traumatic, and few treat the decision lightly.

As for high medical costs, although they certainly do drive some people to bankruptcy, the prevalence of this problem has been vastly overstated, particularly by the study William Haynes cites, which classifies anyone with \$1,000 worth of medical bills, or a gambling addiction or drinking problem, as hav-

ing a medical-related bankruptcy. In actuality, the single biggest predictor of bankruptcy is simply the amount of unsecured debt that a person has, and rising rates of bankruptcy more closely track the growing availability of unsecured credit than medical-cost inflation, or the percentage of uninsured people, which hasn't increased all that much for decades. Bankruptcies that are unequivocally caused by health problems—

and there are a number—seem to be driven nearly as much by income loss as by medical bills. Americans, with their low savings rates and high debt loads, are simply more vulnerable to income shocks than most other people in the

developed world. This is worrisome, but it is arguably part and parcel of the risk-taking that makes our economy so innovative.

BUCKLEY REMEMBERED

Garry Wills's article on William F. Buckley ("Daredevil," July/August *Atlantic*) had much potential, but left one with a profound sense of regret. Instead of any posthumous homage, Wills simply seems to want the last intellectual and ideological word. What a shame WFB is unable to respond.

Wills effectively debunks any notions that WFB was a social, ideological, or intellectual snob. Why the need to convey a sense that WFB lacked intellectual rigor, or a sound dedication to the English language, in the process? For example, the etymology of *oxymoron* may indeed fit Wills's description of it in Greek. However, most dictionaries, and even H. W. Fowler's usage of the term, bear out WFB's meaning.

It is dispiriting to witness the ongoing efforts of those who benefited most from WFB's confidences and friendship to debase him and the indelible mark he left on modern conservatism. If nothing else, WFB advocated meaningful dialogue from all sides of an issue to hone the ideas being shaped in the public square.

ROBERT W. DEAN
GREEN BAY, WIS.

Garry Wills replies:

It is sad that Robert Dean cannot recognize the signs of love. Most did.

Editors' Note

Joseph O'Neill's book *Netherland* won the 2009 PEN/Faulkner Award for Fiction, not the 2008 Pulitzer Prize as noted in our Fiction Issue. We regret the error.

To submit a letter to the editor, please e-mail us at letters@theatlantic.com. Include your full name, city, and state.

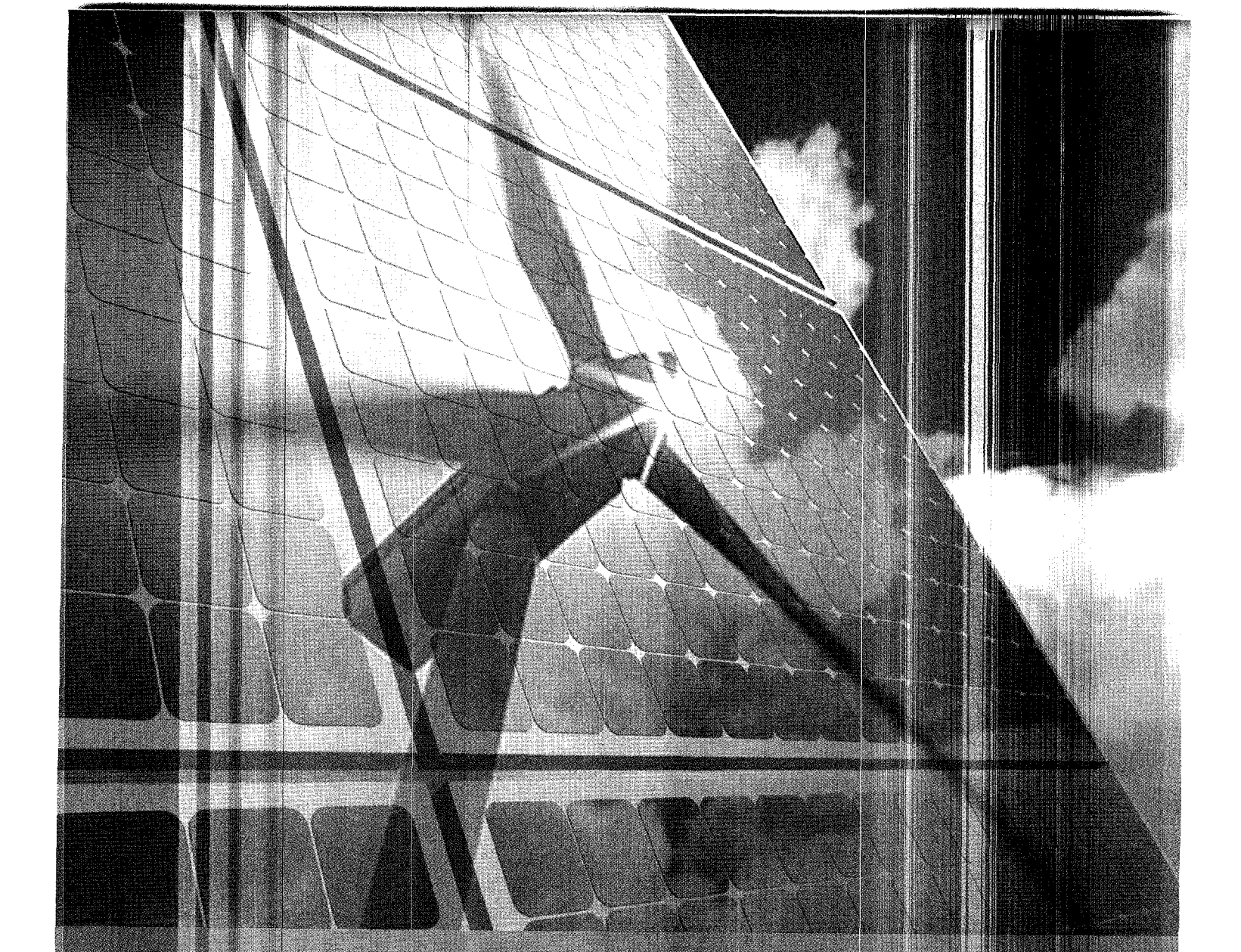
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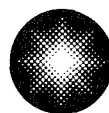


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DISPATCHES

DISASTERS Amanda Ripley finds that the new head of FEMA doesn't believe in victims.

CINEMA Joshua Green on every fan's favorite undead inbred cannibalistic hick

SPORT Jason Zengerle talks to the only female soccer pro fans seem to care about.

IRAQ Graeme Wood attends a cow-milking class for insurgent widows.

DRINK Wayne Curtis samples the inimitable homemade booze of the Bakersfield Basques.

TRAVEL Michael Scott Moore tours Cuba's sugar country by train. Very, very slowly.

TECHNOLOGY Kevin Maney explains why Google may join IBM and Microsoft as a deposed king of tech.



DISASTERS

Save Yourself

FEMA'S NEW ADMINISTRATOR HAS A MESSAGE FOR AMERICANS:
GET IN TOUCH WITH YOUR SURVIVAL INSTINCT.

By Amanda Ripley

CRAIG FUGATE, the new head of the Federal Emergency Management Agency under President Barack Obama, is an unusual choice for the job, historically speaking. Unlike many of his predecessors, most famously Michael "Heckuva Job" Brown under President George W. Bush, Fugate (pronounced few-gate) has experience in the relevant subject matter. A former firefighter, Fugate managed disasters for 20 years in Florida,

the fiasco capital of America. Even more bizarrely for FEMA, often a dumping ground for friends of the powerful, Fugate has no political connections to Obama. Instead, he got his job the old-fashioned way—when Homeland Security Secretary Janet Napolitano was looking for candidates, people kept mentioning his name. He has a reputation for telling it like it is—in a field where "it" is usually bad. And what Fugate

has to say may come as strong medicine for his fellow citizens, nine out of 10 of whom now live in a place at significant risk for some kind of disaster.

A bear of a man with a white goatee, an aw-shucks accent, and a voice just slightly higher than you expect, Fugate has no university degrees but knows enough to be mistaken for a meteorologist by hurricane experts. He grew up in Alachua County, smack in the middle of Florida. Both of his parents died before he graduated from high school. As a teenager, he followed his father's example and became a volunteer firefighter. Then he became a paramedic, earning the nickname "Dr. Death" for having to pronounce more people dead on his first day than anyone before him. But he

MIKE THEISS/CORBIS

found his calling when he moved into emergency management, in 1989. Obsessively planning for horrible things he could not really control seemed to inspire him. "He is emergency management," says Will May Jr., who worked with Fugate for more than 20 years and is now Alachua's public-safety director. "That's what he does. He spends practically all his waking life working in it, thinking about it, talking about it, planning how to do things better."

Fugate is well respected, which is not the same thing as being well liked. "If they wanted a politician, Craig's not your man," says Ed Kennedy, who drove ambulances with him in Alachua. "Craig's personality is more 'Speak straight, don't powder-puff it.'" Already, Fugate is saying things most emergency managers say only in private.

"We need to change behavior in this country," he told about 400 emergency-management instructors at a conference in June, lambasting the "government-centric" approach to disasters. He learned a perverse lesson in Florida: the more the federal government does in routine emergencies, the greater the odds of catastrophic failure in a big disaster. "It's like a Chinese finger trap," he told me last spring, as a hailstorm fittingly raged outside his office. If the feds do more, the public, along with state and local officials, do less. They come to expect ice and water in 24 hours and full reimbursement for sodden carpets. But as part of a federal system, FEMA is designed to defer to state and local officials. If another Katrina hits, and the locals are overwhelmed, a full-strength federal response will inevitably take time. People who need help the most—the elderly, the disabled, and the poor—may not get it fast enough.

To avoid "system collapse," as he puts it, Fugate insists that the government must draft the public. "We tend to look at the public as a liability. [But] who is going to be the fastest responder when your house falls on your head? Your neighbor." A few years ago, Fugate dropped the word *victim* from his vocabulary. "You're not going to hear me refer to people as victims unless we've lost 'em. I call them survivors." He criticizes the media for "celebrating" people who choose not to evacuate and then have to be rescued on live TV—while ignoring

all the people who were prepared. "This is a tragedy, this whole Shakespearean circle we're in. You never hear the media say, 'Hey, you're putting this rescue worker in danger.'"

At his first all-staff meeting with FEMA employees, Fugate asked for a show of hands: "How many people here have your family disaster plan ready to go? [If you don't], you just failed your first test... If you're going to be an emergency manager, the first place you start is at home." Already, Fugate is factoring citizens into the agency's models for catastrophic planning, thinking of them as rescuers and responders, not just victims. And he has changed FEMA's mission statement from the old, paternalistic (and fantastical) vow to "protect the Nation from all hazards" to a more modest, collaborative pledge to "support our citizens and first responders to ensure that as a nation we work together."

In Florida, Fugate was notorious for what he called "Thunderbolt" drills. Once a month, he'd walk into the office with a large Starbucks coffee and tell everyone to stop what they were doing and respond to a catastrophe baked in his imagination. Sometimes it was a blackout; other times it was a small nuclear bomb.

"People are afraid to fail. I'm seeking failure," he told me. "I want to break things. I want to see what's going on so we can fix it."

By the five-month mark of his administration, President Obama had declared 31 major disasters, from Alaska to Arkansas. And Fugate had already held his first Thunderbolt drill in Washington. At 6 a.m. on a rainy Thursday, he sent word to FEMA staff: a major earthquake had struck in California. Staffers, awoken from sleep, scrambled to get to the office. Many did not make it. Communications broke down, as they usually do in real life. For a man seeking failure, it was a fine start. ■

Amanda Ripley is the author of *The Unthinkable: Who Survives When Disaster Strikes—and Why*.



CINEMA

Inbred Jed

THE STRENUOUS LIFE
OF A B-MOVIE ZOMBIE

By Joshua Green

MY ROOMMATE IS A ZOMBIE. The news arrived by e-mail with a link to a movie trailer—I don't recall if it was *Zombie Farm*, *Zombie Nation*, or *Zombie Ninja Gangbangers*. Only that my college buddy Jed had, by the evidence of the trailer and a quick Google search, built a prolific career, and a cult following, as a B-movie horror actor who excelled at playing zombies.

This came as a shock—Jed studied English—but not an enormous one. You never expect the guy next to you in critical theory to go on to a career in the undead, of course. But Jed was always a little different. When we lived in Colorado after college, he passed up buying a bed and slept in a pile of dirty laundry. And he *looked* the part. He's tall—about 6 foot 3—but he has an extremely small head (which he shaves) and tightly bunched features, all of which lends him a brontosaural aspect that seems like an occupational plus. He isn't one of those moaning, arthritic,

GRAHAM ROOMIEU



really-bad-movie zombies, either. He's freaky as hell.

Jed is also a kind and gentle soul, and when I tracked him down to inquire about his unusual line of work, he invited me to join him at Horrorfest, an annual Denver confab of gore fans, where he is a regular celebrity guest. To prepare, I immersed myself in the Jed Rowen (his professional name) oeuvre, which extends beyond zombie films to include those about other supernatural killers (*Attack of the Virgin Mummies*, *Werewolf in a Women's Prison*) as well as the merely psychotic or deranged (*Driller, Axegrinder*).

Low-budget horror doesn't aim for white-knuckled fear so much as a kind of grisly camp; buxom "scream queens" who manage to get killed in various states of undress are a genre staple. But the main focus is the killer, who usually gets it in the end. Jed has been shot, stabbed, clubbed, axed, macheted, devoured by a wolf (actually, a "she-wolf"), and another time bludgeoned to death by a giant crayon, and has had his arm torn off by a stripper. It's not for everyone.

As with most subcultures, B-movie gore fans evince an intensity that can

make an outsider a little uneasy. Horrorfest brought them out in elaborate splendor. Soon after we arrived, the Marriott was crawling with enthusiasts sporting meat cleavers in their heads or similarly gruesome wounds. They mingled with Stormtroopers and Klingons who had wandered over from the sci-fi convention next door. It's a cliché to say that something looks like the bar scene from *Star Wars*, but—no avoiding it—the Marriott bar looked like the bar scene from *Star Wars*. As we wandered through, Jed was frequently recognized for his role as "Inbred Jed," the redneck from *Zombie Farm*, which had premiered there two years before.

The mood of the panel discussions in between screenings was more subdued. Like

journalism and domestic auto manufacturing, low-budget horror is being buffeted by forces beyond the current recession. After thriving in the 1970s and '80s, the B-movie industry went into decline in the '90s, when Hollywood studios began stealing its audience by emphasizing fantasy, sci-fi, and especially horror. Movies like *Saw* and *Hostel* have become major-studio franchises. Whether this is good or bad was a running debate.

"The benefit is that established actors are not afraid to go into the genre," said Jaime Collet-Serra, who directed Paris Hilton (that pillar of establishment Hollywood) in the teen slasher flick *House of Wax*. On the other hand, a sheer love of craft—an allegiance to authentic B movies—leads many aficionados to reject Hollywood fare for the likes of *Zombie Farm*. To these fans, Jed is not simply an inbred cannibalistic hick but the noble practitioner of a dying art form.

His own ambitions lie beyond horror, in television and Hollywood movies. "This isn't a leading-man face," he remarked over dinner, flashing me a look that would send a child into therapy. "I want to become the next great character actor, like Christopher Lloyd, who

is quirky and fun and appears in everything." Horror offers exposure and a possible path to fame: actors like Jack Nicholson and Robert De Niro started out in the low-budget horror films of Roger Corman, the infamous "King of the Bs."

It's a hard life. Jed substitute teaches elementary school to get by while he bides his time. His protean talent did recently catch the eye of a good agent, and he's begun auditioning for television. In the meantime, the festival circuit affords support and a venue for screening the trailer for his latest film, *Dahmer vs. Gacy*, which will premiere at next year's Horrorfest. He plays a moronic Army sergeant, with convincing authority. The movie's tagline could double as a professional zombie's *cri de coeur*: "Just shut up and go with it." ■

Joshua Green is an Atlantic senior editor.

SPORT

Hope Gloats

WHY HOPE SOLO—LOUDMOUTH, SHOWBOAT, JERK—MAY BE THE BEST THING THAT'S EVER HAPPENED TO WOMEN'S SOCCER
By Jason Zengerle

GOOD GIRLS WEAR PINK, which is why Hope Solo won't. Earlier this year, as the new Women's Professional Soccer league prepared to kick off its inaugural season, it unveiled the uniforms Puma had designed for the league's seven teams. Solo, who plays goalie for the St. Louis Athletica, wasn't impressed. "They go and make this padded goalkeeper jersey and it's hot pink—it just looks girly, it looks juvenile, it doesn't look professional," she told me one afternoon as we sat on a bench in an empty Harvard Stadium, where her team had just finished practicing for its game the next day against the Boston Breakers. "And so I said, 'There's no way in hell I'm wearing this.'"

Such defiant—some might say diva-ish—behavior is nothing new for Solo. At the 2007 World Cup in China, she started for the U.S., until the coach benched her for a semifinal match against Brazil, which the team lost, 4–0. After the game, Solo pointedly told a reporter,

MORE ONLINE

Jed's highlight reel of horror films:
www.theatlantic.com/zombies
THEATLANTIC.COM

"There's no doubt in my mind I would have made those saves." The team subsequently banished her from its consolation match—and from its flight home. The next year, at the Beijing Olympics, under a new coach, Solo found some redemption by leading the U.S. to a gold medal. But she was criticized as a showboat for her victory prance around the field with an enormous fake gold medal dangling from her neck and a cell phone pressed to her ear. "No one's neutral about Hope Solo," says Angela Tavares, a writer for the soccer Web site Goal.com. "They either love her or hate her."

But Solo's polarizing persona is what makes her so crucial to the new league's fortunes. The last professional women's soccer league in the U.S., the Women's United Soccer Association, lasted only three seasons—largely because it lacked edge. "The WUSA sort of had a focus on preteen, ponytailed girls who aspired to play soccer someday, and so their messaging was around 'cause marketing': 'This league is something girls deserve to have, and as a fan you ought to support this,'" says Tonya Antonucci, a former Yahoo executive and the new league's

commissioner. "We're presenting an environment that's not about babysitting kids but is an opportunity to watch the best and be entertained by the best."

In most professional sports, a large measure of that entertainment typically comes from booing, or at least rooting against, a villainous athlete. The best players in men's sports have legions of admirers *and* detractors, whether it's Kobe Bryant in basketball or Terrell Owens in football. Alas, many of the stars of women's soccer have been too bland (at least in their public personas) to inspire much in the way of strong feelings, especially negative ones. Could anyone, for instance, dislike Mia Hamm?

Solo doesn't have that problem. Indeed, her outburst at the World Cup, which drew the attention of ESPN and sports-talk radio, was one of the rare instances when women's soccer entered the country's broader sports discussion. Although Solo is considered by some to be the best goalkeeper in the world, it's her off-field as much as her on-field reputation that has garnered her endorsement deals from Nike and VitaminWater. "She's one of the few women players in America that has marketing value right now," says Peter Wilt, the president of the Chicago Red Stars. "And a large part of it is because of her opinionated nature."

Solo relishes being known as, in her words, "that loudmouth goalkeeper"—if only because she wants to be afforded the same liberties sports fans typically grant to male athletes: namely, the right to be a cocky jerk.

The NBA has Kobe Bryant, the NFL has Terrell Owens, and now women's soccer has Hope Solo.

"For some reason, people want to think that we're girls next door, who all get along and go shopping at the mall together," she told me. "Treat us like professional athletes."

At the game the next night, it seemed that Solo was a long way from getting her wish. Most of the 5,000 or so fans who came to Harvard Stadium seemed to be the very same preteen ponytailed girls and glassy-eyed parents who had led the WUSA to its ruin. But one small sign augured well: a group of 30 or 40 Breakers fans—all adults, some apparently well-lubricated—who banged on drums and kept up a raucous stream of chants: "We hate So-lo," they sang. "So-lo sucks!" The object of their scorn never acknowledged the jeers, but she must have secretly appreciated them. After all, as promised, Solo's jersey that night wasn't pink; it was red—like a matador's cape. ■

Jason Zengerle is a senior editor at The New Republic.

IRAQ

Bovine Intervention

HOW COWS CAN HELP WIN THE PEACE IN FALLUJAH

By Graeme Wood

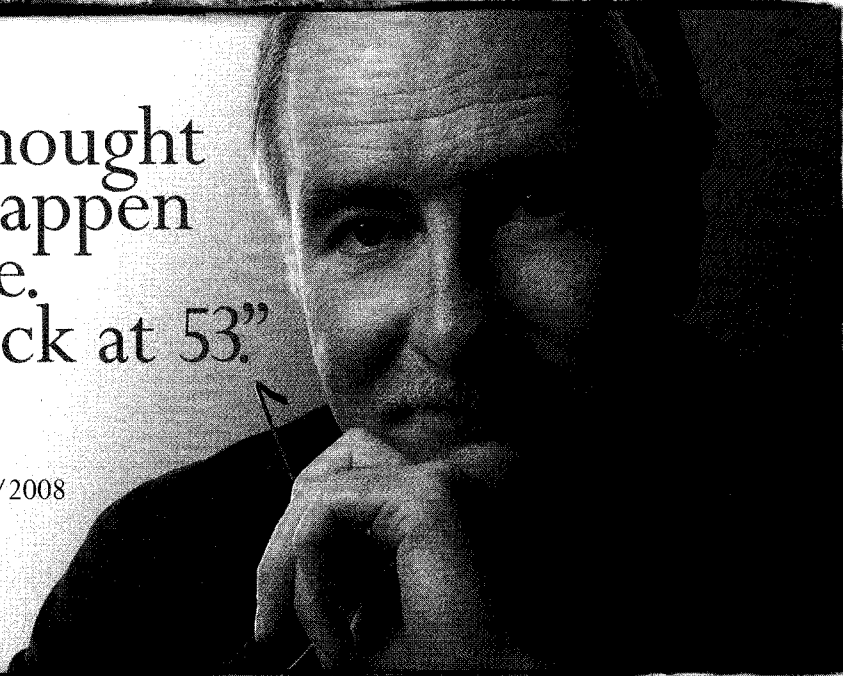
SINCE MID-2009, Lockie Gary has lived part-time on a Marine base in Fallujah and led a series of seminars that aim to train insurgents' widows to become milkmaids. On this hot June day, he is in a makeshift classroom in a rural technical school, addressing five quiet but curious students. Cows and humans have many of the same needs, Gary tells his students, and when cows are stressed, they give less milk. "The same things that cause you stress will stress your cows," he says, and waits for an interpreter to translate. "What stresses you?"

An obese Iraqi man, who will himself be a future trainer of incipient milkmaids, gets the answers flowing. "Hot weather," he says in English, mopping his neck. "Confined spaces and crowds," says another student. A woman wilting in the heat under a full black niqab murmurs, "Car bombs."

CAMERON SPENCER/GETTY IMAGES

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~Steve A.
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*Patient's risk factors include age, gender, smoking, and high blood pressure.

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Symptoms of muscle or liver problems include:

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 - Nausea, vomiting, or stomach pain
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 - Feeling more tired than usual
 - Your skin and the whites of your eyes turn yellow
- If you have these symptoms, call your doctor right away.

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Side effects are usually mild and may go away by themselves. Fewer than 3 people out of 100 stopped taking LIPITOR because of side effects.

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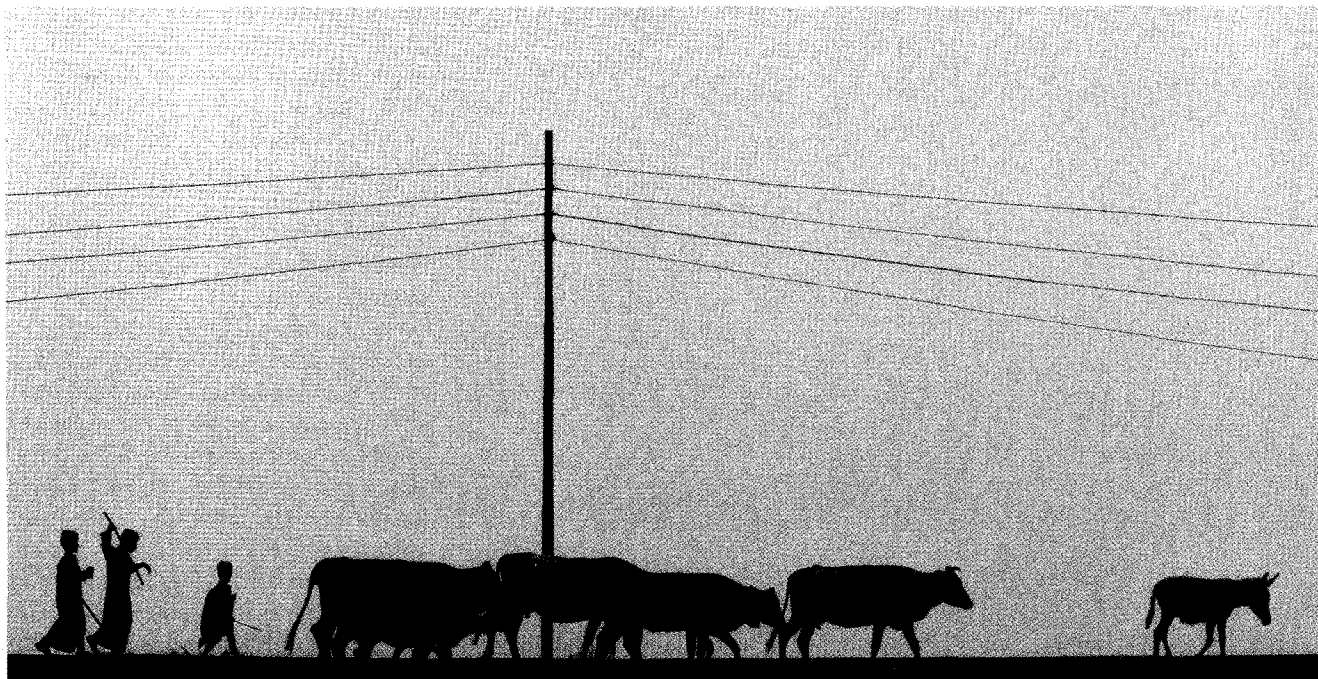
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Cows on the road in Fallujah, where U.S. Marines are encouraging the widows of Iraqi insurgents to take up dairy farming.

Gary, 65, spent a career as a ranch manager and later as a livestock reproductive specialist at the University of Florida, where he pioneered the use of a device that fits into a cow's vagina and artificially induces estrus. He recently published "Can Dairy Cows Save Lives in a War Zone?," the only article in the June edition of *Farmer & Rancher* newspaper with a disclaimer noting that identifying details have been omitted for reasons of military security. In it, he describes how the United States Marine Corps contacted Land O'Lakes, the Minnesota butter concern, seeking an expert who could teach Iraqi widows how to milk cows. The widows turned out not to be "cow people," the Marines said, so they needed a cow person comfortable in a war zone to teach them how to make a living, and thus reduce the likelihood of their being lured into the growing corps of female suicide bombers.

Gary, a sturdy, silver-haired dairy farmer with 32 pairs of Angus-sired cattle of his own back home, fit the bill. During the past 10 years, working mostly through Land O'Lakes, he has led dairy training programs in Afghanistan, Sri Lanka, Iraq, and seven other troubled countries. He is a cow man to the core, capable of mimicking dozens of specific behaviors at all stages of a

cow's life. His current students, who will fan out across the region to teach other women, and who have already taught hundreds in Fallujah, are more refined. They have mobile phones with fancy cameras, and even the woman in the niqab wears three-inch heels. Some recoil slightly when Gary lunges forward, tilts his face toward the ceiling, and imitates a calf at its first suck. Gary shows the women graphic images of stillborn monster-calves with two heads and six legs, and they recoil even more.

But animal husbandry is universal. And somehow, in a counterinsurgency where communicating with the civilian population has proved difficult, Gary's cattle sounds and imitations of newborn calves, or calves in the late stages of *Clostridial* infection, make immediate sense to his students. Gary squats a little when he pretends to be a calf with the scours (that's calf diarrhea, for the uninitiated), and the veiled women of Fallujah nod in appreciation.

His advice reduces to a simple prescription: "Cattle want what you want: to lie down at night in a clean, dry place." And when they are traumatized or ripped from their routines, they fall ill. "Just like the U.S. Marines," Gary says. "If you take them and put them somewhere hot and dusty, they need

three hot home meals a day, or they won't fight as well."

Outside his seminar, marines patrol in full body armor, with weapons loaded. A permanent detachment, coincidentally known as Animal Company, lives near the technical school to keep permanent security. Today, the marines backed a heavily armored vehicle to the door and left its engine running, so an extension cord could reach Gary's slide projector.

Despite optimistic estimates, the economics of the program remain unproved. Although local dairies can meet as little as 5 percent of demand for fresh milk, its low price (a few cents per liter) means that a single-cow operation seems unlikely to support even a widow alone. But Gary's insistence that owners give the cows shelter and fresh water should guarantee increasing yields, and higher-quality milk should in turn command higher prices.

After two hours, Gary finishes his class, and the marines corral him, and me, back into the armored vehicles, where we are crammed together to sweat our way back to the base. The women, meanwhile, climb into their cars and ride off down the dusty road to teach others how to milk. ■

Graeme Wood is an Atlantic staff editor.



DRINK

Unpacking a Punch

THE NATURAL HABITAT OF THE PICON PUNCH—AMONG BASQUE SHEPHERDS, IN THE WILDS OF CALIFORNIA—IS ITS GREAT APPEAL.

By Wayne Curtis

SOME DRINKS TASTE different when consumed in their natural habitat. The Picon Punch—an assertive, tart, and largely forgotten cocktail—is one of them. And its habitat happens to include the bar of the Noriega Hotel in Bakersfield, California, one of a handful of old Basque establishments clustered around the railroad tracks in the back of town.

The Basques have a long history in the American West, dating to the conquistadors. A great many immigrated from Spain and France to tend sheep around the Sierras and Rockies, and today you can find pockets of Basque culture wherever there were once a lot of sheep. The Basques who came to Bakersfield typically arrived by train, and they'd lodge at one of the local boardinghouses until grazing season. The Noriega, which opened in 1893, is the last to take in boarders. Older Basques still gather here to drink and eat and play cards. Meals are served boarding-house style in an austere dining room, with everyone seated at long tables laden with platters of beef stew and pork chops and bottles of red wine.

But what lured me here was the Picon Punch. The early history of the drink remains murky, but it appears to be a Basque-American concoction, without antecedent in the old country. The punch has some variants within its broad range. But it's usually made with grenadine, club soda, a float of brandy, and Amer Picon, a bitter French aperitif made with herbs and burnt orange peel. I'm told in some Nevada bars it's served in a mug, rather than the standard old-fashioned glass.

I met up with Steve Bass, a retired teacher who writes about Basque history and culture, and we ordered our Picons at a long bar of time-worn wood. The decor here consists of a few romantic illustrations of Basque country, some old photos, a clock, and an ice machine. A side door leads to a handball court, and the front wall is composed largely of glass bricks, through which a desert sun glares like a bank of stadium lights, casting long shadows. Punches in hand, we sat with Bass's wife, Judy, and her father, Gracian Errea, who is 89 and a retired farmer and sheepman. We were soon joined by Jean Arrayet, a former shepherd who arrived here

in the early 1960s and who told me that the first English words he learned were *son of a bitch*. More stories were told: about tramping with flocks 300 miles through the Sierras, about finding rattlesnakes in sleeping bags, about living in a tent all summer and cooking meals over fires of dried cow dung. There was also discussion of how to castrate sheep.

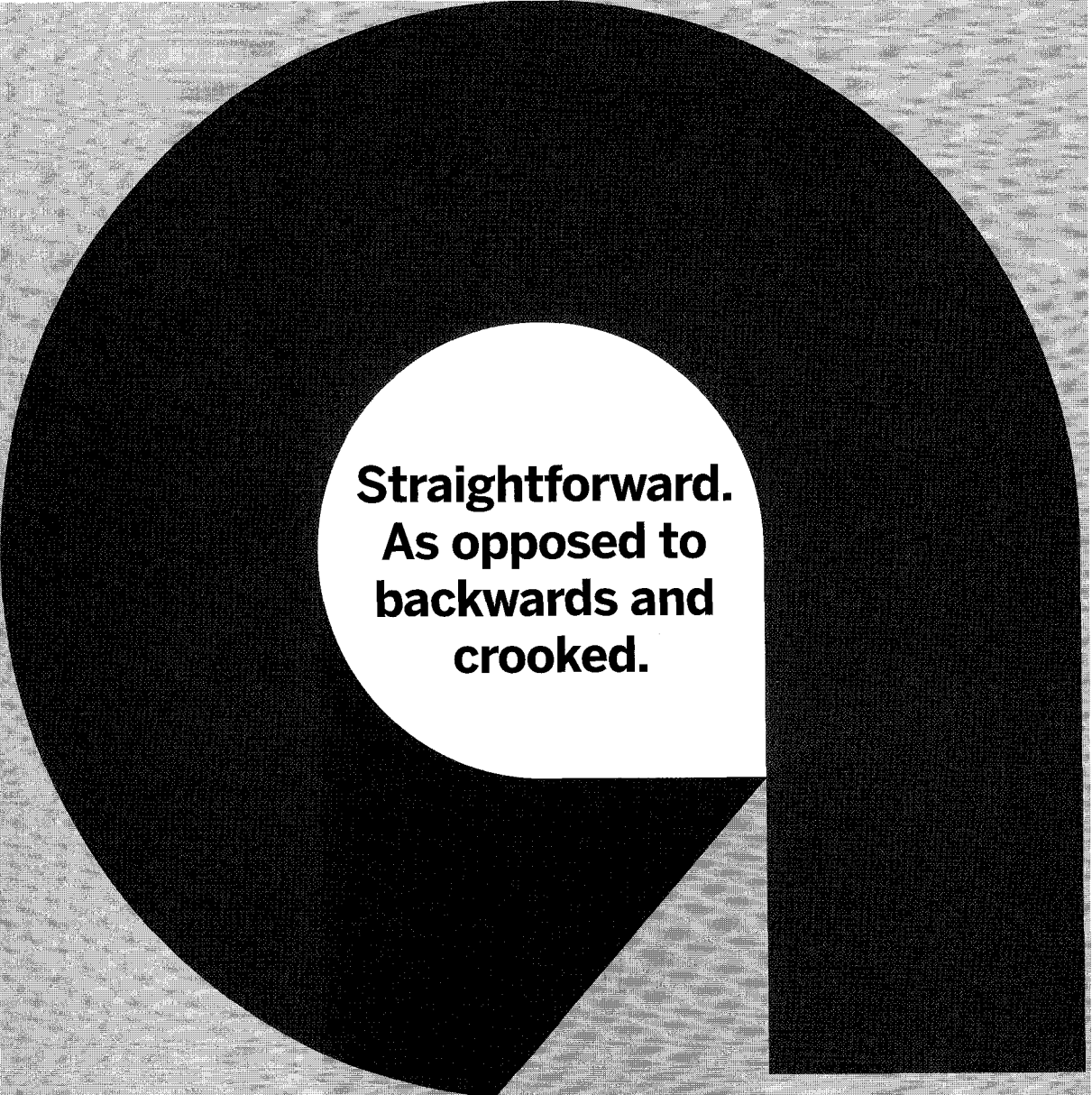
When the talk turned to the Picon Punch, they all shook their heads gravely. The drinks, they lamented, just weren't as good as they used to be. I first ascribed this to the old the-ground-you-kids-sleep-on-isn't-nearly-as-hard-as-the-ground-we-slept-on worldview, but it turns out there's some merit to this argument. The essential ingredient—Amer Picon—is actually no longer available in the U. S. (though you can still find it in France). The Picon Punches at the Noriega were mixed, as many are today in the West, with an American-made substitute, called Torani Amer, which one of the party noted was made by the same company that manufactures flavorings for coffee shops. This information was not offered as an endorsement.

After lunch, we retired to the bar for another punch. The proprietor sized us up and asked if we'd like to sample a homemade version of Amer Picon, which an unnamed visitor had left off a few days earlier. It was in an old rum bottle, and labeled with a handwritten yellow Post-it note. We uncorked it and sniffed. It was far more complex and layered, more redolent of caramelized orange, than the Torani. She made us a couple of Picons, and everyone around our table sipped. Heads nodded approvingly. A small quiet descended, as if a door had opened to a lost idyll. At that moment, I believed this was the most delicious drink I'd had in a year.

I've since been keeping an eye out for Amer Picon in liquor stores with dusty shelves, and reading detailed accounts about how to make it. But drinking a Picon Punch at home and far from sheep country seems akin to putting a rare bird in a cage and trying to make it sing. Some things, I'm pretty sure, are better left in the wild. ■

Wayne Curtis is an Atlantic contributing editor.

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TRAVEL

The 12:39 to Matanzas

A CHOCOLATE BARON'S TRAIN SHOWS TOURISTS THE REAL CUBA.

By Michael Scott Moore

THE SUGAR TRAIN to Matanzas started with a trundle and a high moan from the horn, pulling away from the suburbs of Havana with stateliness rather than speed, pursued by stragglers who hopped aboard like hobos catching a freight. The cars had wooden seats and windows open to the tropical breeze. They rattled through the industrial outskirts of the capital, past refinery tanks and banana trees—and then, for no good reason, the train coasted to a stop. In this staccato fashion we rolled along the north coast of Cuba.

Edgar, a conductor who had the day off, sat across from me. He was headed to the coastal town of Matanzas to deliver money for his son. Matanzas was an old slave-and-pirate port, Cuba's second harbor city, graced with Spanish colonial buildings around the square but very quiet. "Compared to Havana, it's tranquil," Edgar said.

On the platform, he'd given me advice. After the 8:30 train arrived—three hours late—he explained that it would leave immediately, but headed for Canasí. "Don't get on!" he said. The 12:39 to Matanzas was on its way.

But the 8:30 train didn't go to Canasí. It pulled off a few yards, sat for maintenance, and pulled back into place an hour later. Suddenly it was the 12:39 to Matanzas. We were told to get on.

This ramshackle electric "Hershey train" is an anachronism, the sort of train you're supposed to ride in Cuba only as a tourist or a local from one of the villages east of Havana. It's the slowest machine-powered way to reach Matanzas and the best way to see the countryside. The sugar fields, the ocean, and the quiet hills of northern Havana province all heave into view from the railroad, looking largely unchanged from the turn of the 20th

century. Revolution, it seems, also has the power to stop change.

Traveling in Cuba is still illegal for most Americans, but assuming relations thaw in the next handful of years, a ride on the Hershey train can serve as a reminder of how much the two countries have in common.

Milton Hershey built the line after he bought a sugar plantation in 1916 to sweeten his chocolate empire. It used to ferry his workers to the fields in brown cars labeled **HERSHEY**. Castro's government kept the train line in place to serve this part of the country. In 1998 the government replaced the cars with green-and-white '40s-era rolling stock from Spain.

A skinny white man came to lean against the seat and chat with Edgar. He wore blue overalls and said his name was Juan. "Good to meet you," he said to me. "I'm the engineer today."

The train, by then, was moving fast. I gave him a questioning look.

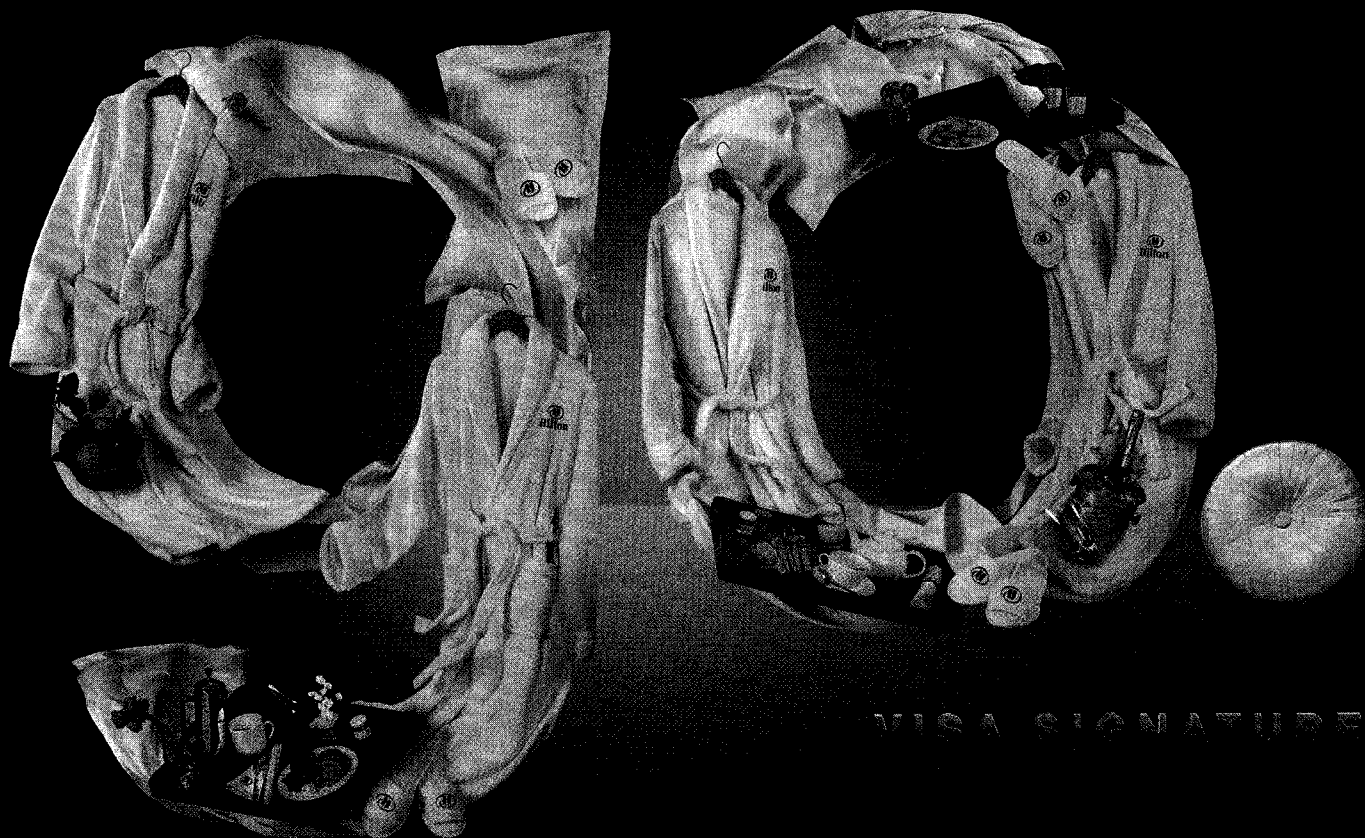
"There's someone else in the cab."

"Aha."

We picked up speed and hauled through sere yellow farmland. The train screeched and rocked and reeled,

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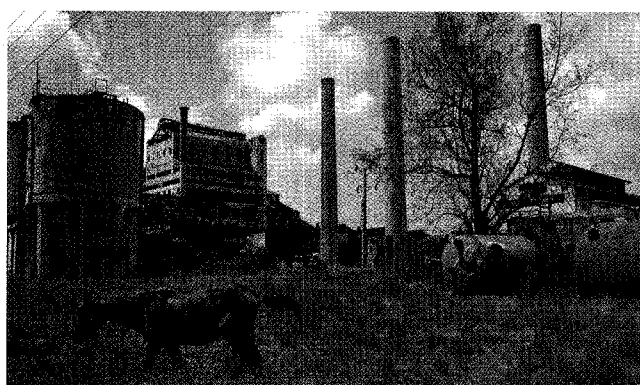
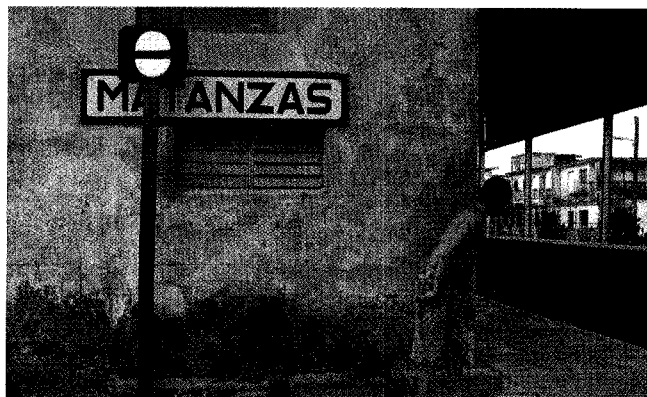
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The train may not make it all the way to its destination, but the ride—especially a short tourist excursion—is a trip on its own.

and the engineer let loose with the horn. Gates lowered; horse carts and old Cadillac cars waited at the crossings. People on farms quit working to watch.

Soon a beautiful *Cubana* sat near us with her mother and a small boy. She looked innocent and proud, with calf-like brown eyes and a posture like Carmen Miranda's. She had *café-con-leche* skin and black hair pulled straight up on her head, almost like a pile of fruit. Edgar and Juan flirted with her. At first she resisted Juan's overtures. But when she spoke, she had an insouciant and unpracticed glamour that belonged in a Hollywood film. When she stepped out the exit where Juan was gallantly manning the door, she pecked him on the cheek. He came back in a buoyant mood.

About 40 kilometers east of Havana, Hershey built a "model village" like his factory town in Pennsylvania. The Cuban version, also called Hershey, had a baseball field, a cinema, a medical clinic, workers' quarters, and a company store, all clustered around a tremendous sugar mill. I was startled to learn the mill had stopped grinding cane only in 2002,

because the structure I saw, with its yellow-brick smokestacks, was a spindly hulk with shattered windows.

The train paused for only a few minutes at Hershey, then pulled off about a hundred yards and promptly broke down. A group of overall-clad mechanics emerged from a workshop near the dilapidated mill, with enormous wrenches over their shoulders. They squinted in the sun like extras in *The Grapes of Wrath*.

Cubans avoid talking politics with strangers, but you can always stitch details together. Edgar, a meaty, gentle Afro-Cuban, was wearing a USA ATHLETICS T-shirt. "His girlfriend's French," Juan told me. "He'll be living in Paris in a year." Edgar's occasional jokes about the sugar train matched his enthusiastic jokes about the government. None of them were treasonous, but after a while you realized that both Hershey train and revolutionary government, capitalist relic and Communist state, were, to Edgar, in the same sorry shape.

"You speak French?" I asked. As far as I could tell he spoke only Spanish.

He shrugged. "I'm learning."

The train jolted to life. We trundled along for another half hour before it developed that we wouldn't make it to Matanzas after all. The track ahead needed fixing. The trip would have to end in Canasí.

"Can I still get to Matanzas?" I said.

"I will show you," Edgar promised.

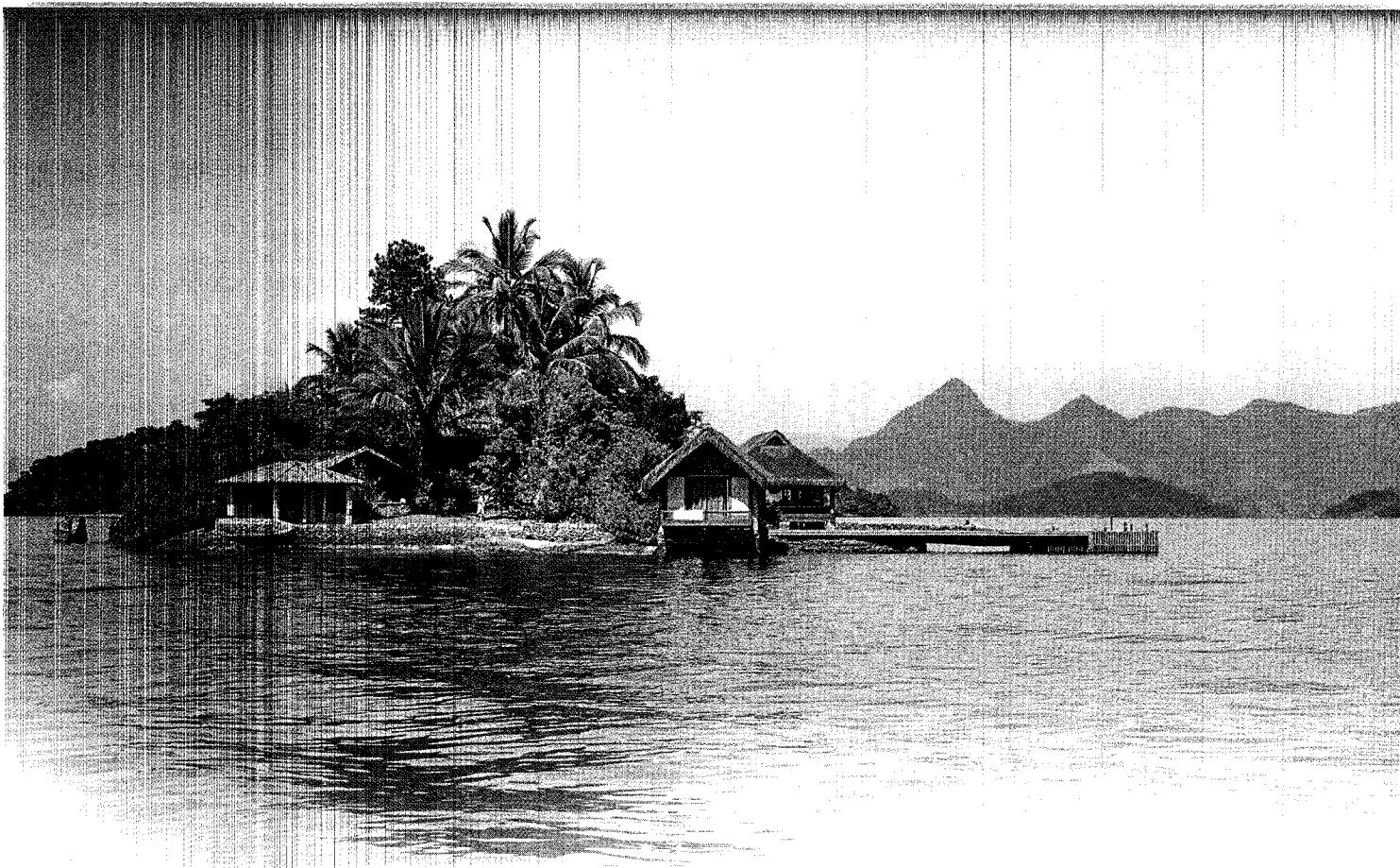
So in Canasí we said goodbye to Juan. We crested a hill through town, where a number of lean cattle stood in fields between concrete apartment blocks. Edgar walked me to a highway and we waited on the median for an air-conditioned bus to Matanzas. Edgar found a newspaper and laughed at a headline. Hugo Chávez had just paid a visit to Havana. I'd already heard about the meeting, a mysteriously quick one, with few of the photo opportunities these state affairs normally permitted.

"But no photo with Fidel," I said in Spanish.

Edgar gave one more of his large, comfortable laughs. And then he said, in perfect English: "Maybe he's dead." ■

Michael Scott Moore is the author of Too Much of Nothing and an upcoming book about surfing.

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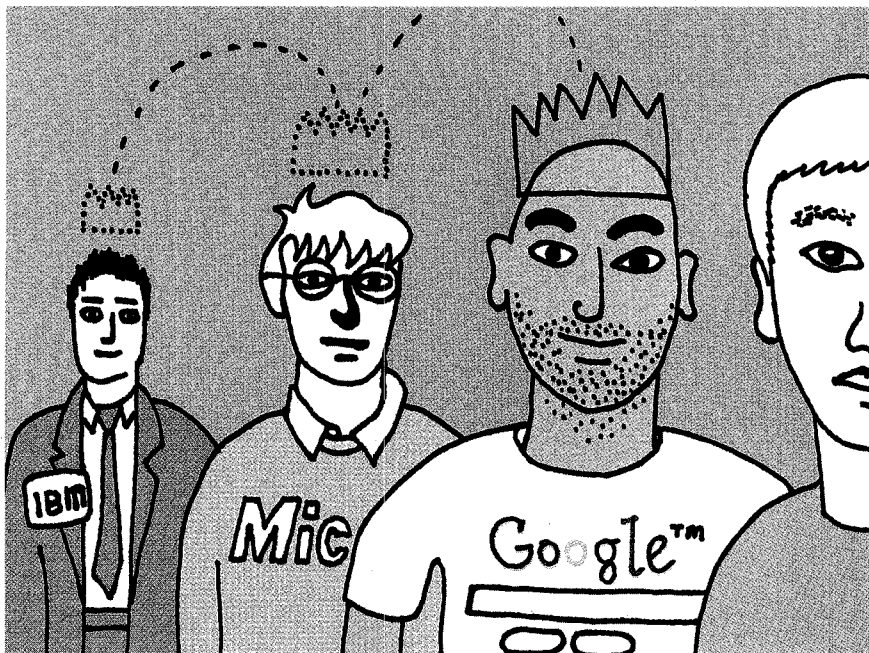


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TECHNOLOGY

What Scares Google

HOW THE SEARCH GIANT HOPES TO STAY ON TOP

By Kevin Maney

YOU DON'T TUG on Superman's cape, you don't spit into the wind, you don't pull the mask off that ole Lone Ranger—unless you're Google. Then you feel defiant in the face of powerful forces, in this case the historical trend that has knocked previous tech colossi to their knees.

The technology industry operates on grand generational cycles, and those cycles are speeding up. A profound invention creates a new generation of products and a new winner-take-most-of-it leader. The cycles have already deposed IBM and then Microsoft from their tech-industry thrones.

But Google just shrugs, like a teenager told that if he doesn't stop playing video games, he'll wind up as a career Wal-Mart greeter. "Most of the emphasis within the company is on the next couple of years, and we tend not to think about longer than that," says Peter Norvig, Google's director of research.

Once upon a time, IBM was technology's superpower. For decades, Big Blue lorded it over an era of big computers in big companies, heavily influencing technology and crushing competitors. Through the mid-1980s, no one could

imagine how IBM could stumble.

Then along came personal computers, which ate into IBM's cost structure and business model until the company lost \$5 billion in 1992 and nearly fell to the ground. The PC generation had a new leader: Microsoft. And Microsoft soon towered over the sector.

But the Internet, in turn, has stolen Microsoft's mojo. Start-ups that used to fret that Microsoft would eat them for breakfast now find the software giant about as threatening as the Abominable Snow Monster after Hermey the Misfit Elf pulled his teeth.

Microsoft, in a way, proved the inevitability of this generational shift. In 1995, then-CEO Bill Gates sent his staff a nine-page memo titled "The Internet Tidal Wave," detailing how Microsoft could leap from one tech generation to the next. Yet Microsoft failed to make the jump. Everything about the company—its culture, cost structure, bureaucracy—was geared toward making profits from selling complex and expensive software packages. Microsoft never got its collective head into competing against the simple and free stuff available on the Web.

So what about Google? Like IBM in

the 1940s and Microsoft in the 1980s, Google is still on the ascent. "It may take 10-plus years for Google's star to waver," notes Reid Hoffman, co-founder of LinkedIn. Other top tech executives also give Google about a decade before it faces a transformative moment.

How might that moment arrive? "The Web is doubling in power every two years," explains Rowan Gibson, co-author of *Innovation to the Core*. So in 10 years, the Web will be 32 times as powerful as it is now. Then, a Google-style search engine—delivering thousands of results that users must sort—will seem as archaic as card catalogs.

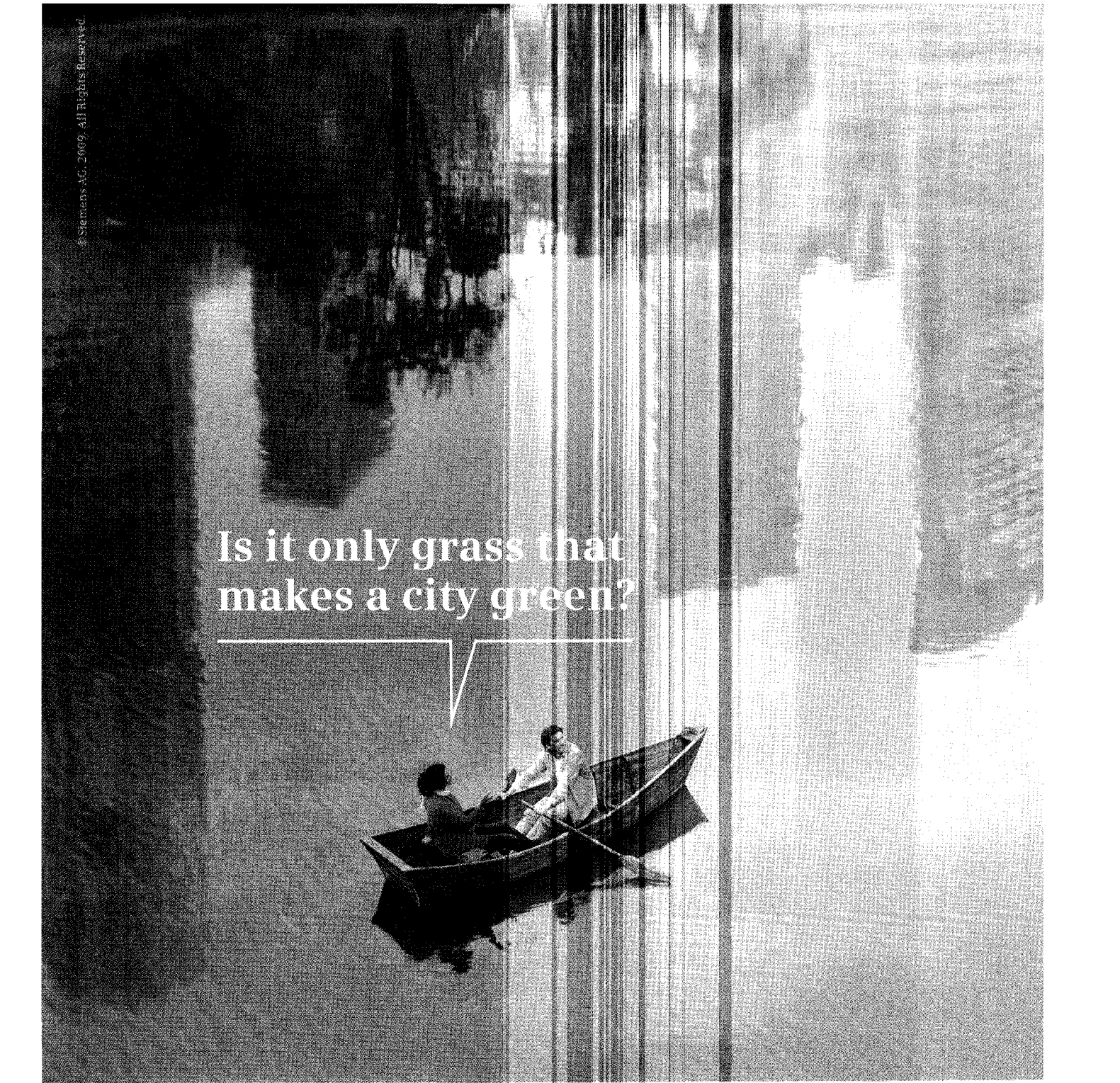
A brainier Web is coming, and the next generation of companies will anticipate your needs. Early this year, much like Gates 14 years ago, Google Senior Vice President of Product Management Jonathan Rosenberg wrote a lengthy memo foretelling a day when a perfect search engine would comprehend all of the world's information and the meaning behind every user query, and deliver to users not a dump truck full of search results, but The Answer.

If that's the future, Google figures it will get there in lots of tiny steps rather than major, bet-the-company shifts. Google famously flings a lot of half-cooked spaghetti against the wall (who the heck uses Knol?) to find a few advances that really stick (like Google Earth). The approach "may give us a bit of an edge and let us be more reactive," research chief Norvig says. He notes that Google's executives have all read *The Innovator's Dilemma*, Clayton Christensen's best seller explaining these generational shifts. "We say, 'Gee, that's compelling, and maybe it will happen to us—or maybe we will be the company that displaces ourselves.'"

And yet, that almost never happens. History says Google will struggle as technology shifts. But good luck figuring out what company might catch the next wave and give Google fits. In 1995, Gates worried about existing companies such as Novell and the start-up Netscape Communications. Neither wound up a serious rival. Google was three years from being born. Fear what you can't see, not what you can. ■

Kevin Maney is the author of *Trade-Off: Why Some Things Catch On, and Others Don't*.

BEN WEEKS



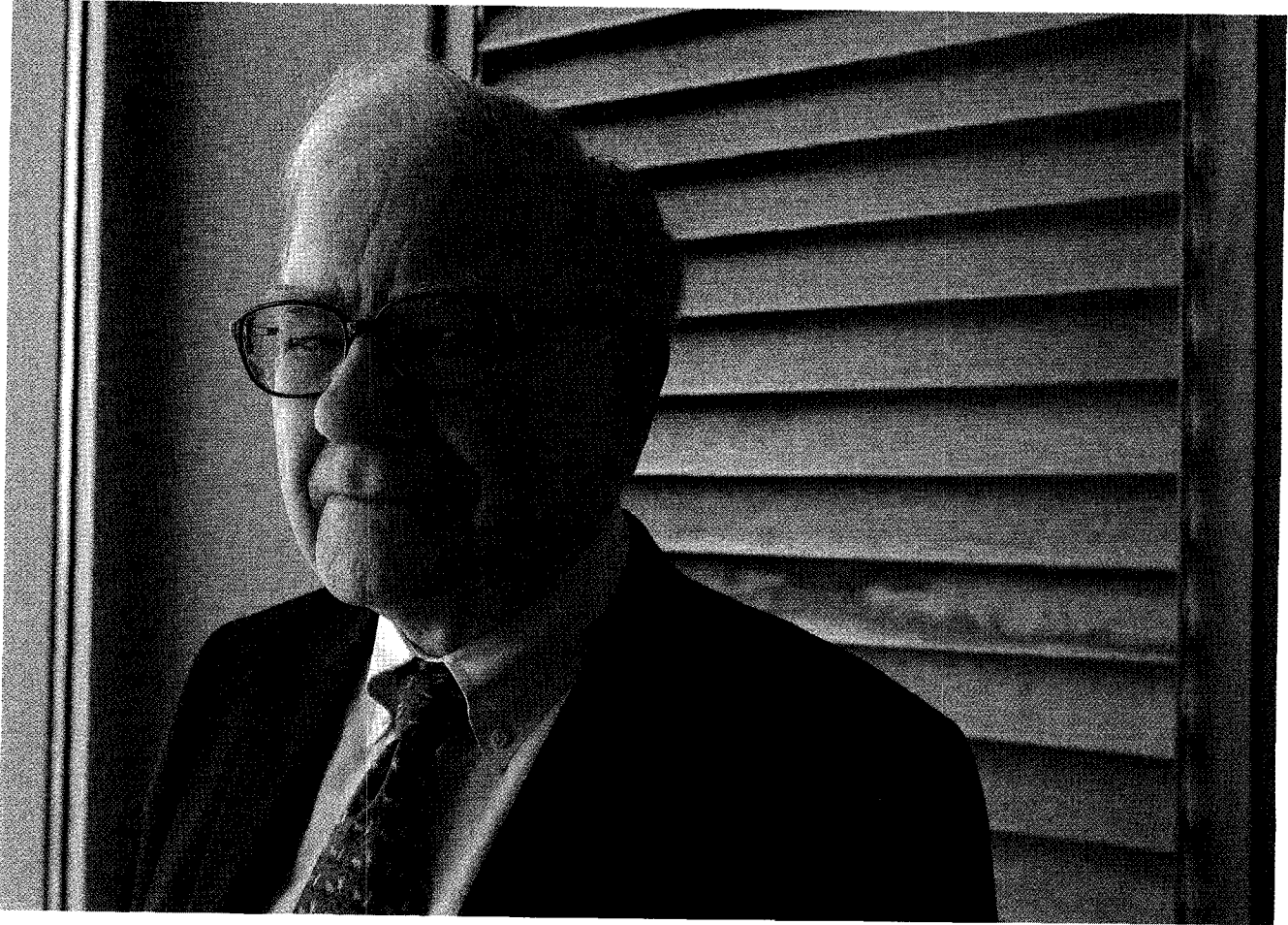
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What Would Warren Do?

The Sage of Omaha has redefined the idea of value investing. But will its principles survive his inevitable passing?

By Megan McArdle

FOR WARREN BUFFETT'S most devoted followers, a meal at Gorat's Steak House is near the apex of the visit to Omaha for the Berkshire Hathaway annual meeting, second only to seeing Buffett onstage at the Qwest Center. You do not eat at Gorat's for the food, which is the apotheosis of indifferent midwestern cooking. You eat at

Gorat's because it is Warren Buffett's favorite restaurant. Really serious Buffett devotees order the T-bone and hash browns, because that is what "Warren" is rumored to eat.

After five days in Omaha, I still don't understand what Buffett's disciples hope to learn by cypocattng his food choices. I do have a better sense, though, of why some 30,000 people now make

what amounts to an annual pilgrimage to Omaha, from places as far-flung as Singapore and South Africa.

More like the early Christians in pagan Rome than the millions of Muslims thronging Mecca, Buffett's hard-core "value investors" are few, and in many ways, their entire lives run against the grain of the dominant culture. Only here in Omaha, for one

BEN BAKER/REDUX

weekend a year, are they a majority. The meeting, with its quasi-ritual speeches, canonical stories and jokes, and the fellowship of other value investors, helps to brace them against a society that almost actively rejects their austere financial philosophy.

And, of course, there is Buffett himself. It is his achievements that give value investing a good name. But while many popularizers who become the public face of a discipline reap the scorn of their colleagues, Buffett epitomizes value investing for insiders as much as for those on the outside.

He seems to be the very reason why most value investors are value investors. Much of the writing on the arcane craft eventually comes around to a central question: What Would Warren Do? Which of course makes one wonder: What happens to the value-investing community once he is gone?

I wasn't the only one wondering about this. During the Q&A, Buffett was asked, once again, why he hasn't started to give some control of Berkshire Hathaway to a successor. Buffett's response: "If we had a good way to inject someone into some role that would make them a better CEO of Berkshire, we'd do it, but the candidates we have right now are running businesses, making decisions, getting experience. To bring them into the Berkshire offices while I'm sitting there reading would be a waste of talent."

Beyond a certain point, what Warren Buffett does can't be taught. That's why, as the British financial writer Merryn Somerset Webb once drily pointed out, despite all the self-proclaimed value investors in the world, "Buffett is certainly the only money manager around in a position to give £20 billion to charity."

But if Buffett is such a hard act to follow, then why were we all spending a beautiful spring day in the Omaha convention center trying to drink in his wisdom, not to mention eat his brain food?

I SPENT MUCH OF my time in Omaha trying to answer that question, a task complicated by the difficulty of defining what, exactly, value investing is. When Benjamin Graham and David L. Dodd wrote the value-investing urtext, *Security Analysis*, in 1934, the rules were more hard-and-fast. Graham and Dodd looked for companies whose price was less than their intrinsic value, and offered various formulas for divining this value.

Buying stock in firms where the intrinsic value of the assets is higher than the market capitalization worked well in the depths of the Great Depression, when investors were wary of holding equity. Between 1929 and 1932, the Dow lost just about 90 percent of its value, bottoming out at 41.22. What economists call the "equity premium"—the extra return that investors demand to compensate for the risk of holding stocks—has never since been so high. That's why Gra-

ham and Dodd could find companies whose liquidation value offered a substantial "margin of safety" for people who bought their equity.

Moreover, book value and other balance-sheet-based metrics have become less useful, as the market, and the economy, have changed. Persistent inflation means that the historical cost of the assets on the balance sheet in many cases bears only passing resemblance to their actual worth. Meanwhile, firms get more and more of their value from intangible assets, like intellectual property or strong brands, that don't show up in the financial statements. Geico, one of Buffett's crown jewels, gets much of its value not from physical equipment or even investment savvy, but from a sterling brand name built on relentless advertising.

Much of what Graham and Dodd did so well was simply hard coolie labor. In an era before spreadsheets or financial databases, they looked at company reports and painstakingly did the arithmetic to see where a company stood.

That effort offers no competitive advantage in today's information-saturated market. So while value investors still hew to the core notion of determining a company's intrinsic value, waiting for the market to misprice the stock, and then buying on the cheap, nowadays that determination has much more of a subjective skill element.

Buffett is the one who has, more than anyone else, refined and redefined value investing for a new era. He is the one who stopped hunting for superbar gains and started buying exceptional companies, even if they weren't available at fire-sale prices. But what makes a company "exceptional" is idiosyncratic. Warren Buffett is exceptionally good at asking the right questions; the speech he gave in 1999 explaining why he wasn't investing in the tech boom is astonishing for its foresight. But teaching someone to ask the right questions is much easier said than done.

When Buffett lectures on his craft, his precepts often sound less like investing rules than like the distilled essence of bourgeois virtue. Don't speculate. Don't risk money you can't afford to lose. Don't try to ride market trends. Don't try to get rich quick. Don't panic when the price drops. If there are no good buys, don't buy anything. Above all, ignore what other people are saying. If everyone jumped off a bridge, would you jump too?

These are admirable traits in any investor. But they are hard to uphold, even in the best of times. And for value investors, the past few decades have not been the best of times. They have spent those years fighting not only their own human instincts, but also a broader financial culture that expected maximum returns for minimum effort. Many hedge funds piled up fortunes with abstruse mathematical trading strategies that paid little attention to the individuals or companies underlying their trades. Consumers bet wildly on stocks they knew little about, or passively stowed their net worth in index funds that required no mental effort—and either way, they expected double-digit annual returns.

Meanwhile, everyone discovered the magic of using more leverage to make money faster. What consumers were doing with no-money-down mortgages,

Value investors deride the efficient-market hypothesis, but they can't deny that stock-screening tools and analytics have taken away many of the best bargains.

financial firms were doing by investing borrowed money. In a booming market, this is an easy way to make big returns: for a small annual interest payment, you can bank any increase in the value of your house or portfolio. The less of your own money you put in, the better the return you get on your initial investment.

Bull markets can hide the downside of leverage for years. But as John Kenneth Galbraith noted in *The Great Crash*, 1929, "Geometric series are equally dramatic in reverse." Millions of underwater homeowners can now attest to leverage's downside, with graphs and profanity. So can any number of laid-off bankers: one of the few uncontested causes of the current crisis is the 2004 decision by the Securities and Exchange Commission to let the largest investment banks increase their leverage ratio from about 12-to-1 to 30-to-1, or even higher.

Even the most committed professional value managers felt a lot of pressure to participate in the madness. During boom times, when value-investing strategies underperform lunatic gambles, clients get tempted by funds that deliver outsize returns by assuming a lot of hidden risk. And what about now, when value investors should theoretically be in a position to clean up? Well, for starters, the market still hasn't fallen to Graham-and-Dodd levels; most of the managers I talked to groused that they were finding few real bargains. The market was irrational enough to drag down their investment results, but too rational to offer stocks at deep discounts from intrinsic value. Meanwhile, many of their potential investors had just lost half their money.

Value investors love to deride academics and the efficient-market hypothesis, but they can't deny that stock-screening tools and other analytics have taken away many of the best bargains. At least some managers have lost the will to wait patiently for superdeals and have taken on more risk to get more return. As we walked to dinner through the soft Omaha twilight, a fund manager I had encountered at a "meet and greet" suddenly said, "The only way to make money these days is leverage."

We had been discussing Mohnish Pabrai, a famous value-fund manager

and author, whose portfolio had reportedly declined severely in 2008. Pabrai's apparent willingness to invest in leveraged situations where a major loss is possible has caused some to argue that he isn't really a value investor. But here was another Buffett follower essentially defending leveraged investing, because only leverage generates the kind of returns we've all come to expect. Investing in a highly leveraged company, or in a bunch of them, exposes you to many of the same risks as taking on leverage yourself. And my dinner companion seemed to be saying that value managers couldn't compete with other funds without taking at least some of those bets.

This is a controversial position. Yet arguably, even Warren Buffett himself profits from substantial financial leverage. Like banking, insurance is in some sense a leveraged bet. Companies take on large deferred liabilities, in the form of future claims or account withdrawals, in exchange for payment now. They make their money by investing most of the proceeds from the deposits or premiums and keeping a moderate cash reserve, relying on the pooling of many accounts to ensure that at any one time, the demands on their assets will be smaller than the reserves set aside to cover them. Like banks, insurance companies are therefore vulnerable to a sudden mismatch between claims and underlying assets. Many analysts are now anxiously eyeing life insurers.

Warren Buffett's insurers are run more conservatively than most. But despite all that, he, too, has taken a beating in the downturn. The answer to "What Would Warren Do?" seems, these days, to be "lose money." His acolytes had taken a beating, too—at least the ones I met. Most private-fund managers are cagey about their returns, but everyone at my table at Gorat's readily admitted to having had a very, very bad year. "I'm down 25 percent," said one friend I ran into at a "meet and greet." He runs a tiny hedge fund mostly composed of his

own money. But he quickly added, with some cheer, "I'm still outperforming other funds!"

In the coming years, we'll find out if rising above the madness is enough of a success. In many ways, it's not even clear that Buffett could replicate his own success if he started out today. He built his reputation as an investor in an era when there were more opportunities for easy money, and these days, the news that Buffett has bought a stock is often enough to help support, or even boost, its price.

But I'm not brave enough to second-guess the Sage of Omaha—certainly not while seated at Gorat's, cramming myself full of investment advice and moderately priced midwestern beef. And even if none of the value investors I ate with are likely to replicate his outlandish success, they will still have an edge

over competitors, and the rest of us, because one Warren-like trait they do share is his commitment to thrift and prudence. Just as Warren still famously lives in the same modest house he purchased in the 1950s, almost everyone I met seemed more interested in building wealth and security than in spending riches.

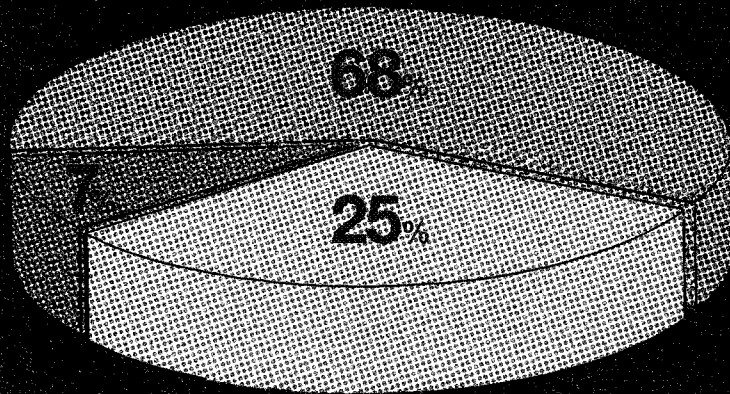
During my five days in Omaha, I had at least three conversations about the best way to save money on rental cars. I'm pretty sure that at least one of the people enthusiastically pitching me an off-brand vendor half an hour from the airport was there on an expense account.

Right now, the academic literature suggests that value investing has a modest advantage over a broader market strategy. Better information, more widely available, may continue to erode that edge. But the principles of prudence, patience, and thrift will always, in the end, offer a better chance at outsize returns. The question is whether, once Saint Warren passes, his followers will find the courage to stick to them. ■

Megan McArdle is The Atlantic's business and economics editor, and the editor of business.theatlantic.com.

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Everybody got together, and tried to love one another right there.

Long Time Gone

Revisiting Woodstock's mass freak-out, and the documentary that captured it all

By James Parker

AND DID THOSE feet in ancient time walk upon upstate New York's mountains green? And did the fascist pigs seed the rain clouds over the festival site, causing them to unbosom upon the heads of the beautiful people? And was Jerusalem builded there, if only for 72 hours? Pretty much, apparently. No one was killed, at least not on purpose; and who knows—some scraping enlightenments may even have been attained. Peace on Earth. A different America, squatting

BlackBerry-less in the mud—and smiling! Like you, perhaps, I was in diapers at the time, which means that I view the events recorded in the movie *Woodstock: 3 Days of Peace and Music* as through an electric fence of skepticism, generational disenchantment, blah blah. Nonetheless: what a scene. What a mind-blower.

August marks the 40th anniversary of the Woodstock Music and Art Fair, or “Aquarian Exposition”—the famous

festival/happening attended (or overwhelmed) by some 400,000 people, which took place on 600 acres of farmland in Sullivan County, New York. To celebrate, we have an expanded DVD rerelease of the original 1970 documentary, directed by Michael Wadleigh, as well as Ang Lee's period piece *Taking*

Woodstock and a little outbreak of books. The occasion would be as appropriately honored with a 50-mile traffic jam or an Internet crash: on every front, cultural

MORE ONLINE

James Parker's commentary on *Woodstock*: www.theatlantic.com/woodstock

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BARRY Z. LEVINE/GETTY IMAGES

and material, Woodstock was too much. Mass electrocution was averted only by an act of God. (Lee's protagonist, on his way up to the stage, puts his hand on a metal stair rail and snatches it back with a hiss: thanks to an unholy marriage of rainwater and guerrilla wiring, the entire structure is live.)

The kids at Woodstock were either the first generation to taste true liberty, or the last generation able to police itself—we're still working that one out. Wadleigh's *Woodstock* begins with a kind of remote and Edenic eeriness: cool pulses of keyboard—the sound of Crosby, Stills & Nash's "Long Time Gone"—as the camera roams the hazy pastures of Max Yasgur's farm. We see

the blameless cows, the soon-to-be-defiled meadows and lake, and then the paradise-dwellers themselves—the hippies, tanned and shirtless, chakras ablaze, starting to set the place up. In an instant, the scope of the dietary disaster that has since overtaken us is revealed. No high-fructose corn syrup in 1969, baby: the men are as lean as jaguars, the women firm-fleshed and passionate-looking. And no protein shakes, either—none of the congested muscularity of your 21st-century gym jockey.

Then night falls, and we get the first taste of the mayhem to come. Dancers, madly dancing; silhouetted druidic gestures; pale ass-cleft of hippie maiden, vibrant in the dusk. CSN's "Wooden Ships" kicks in: "Silver people on the shoreline, let us be / Talkin' 'bout very free and easy..." Magic!

In addition to cataloguing a mass freak-out, *Woodstock* stands as a monument to the spirit of '60s documentarianism. The Maysles Brothers, Albert and David, had a bid in to make the film, but were narrowly beaten out by Wadleigh, who had dazzled the festival promoters with split-screen footage of an Aretha Franklin performance. (The brothers went on, of course, to make *Woodstock's* dark twin, the Altamont movie, *Gimme Shelter*.) The idea of cinema verité still had a bit of buzz

on it, and Wadleigh was fresh from working on Merv Griffin's innovative out-and-about TV special, *Sidewalks of New England*. He and his crew were adepts in the new recording technology—the shotgun mikes, the sparkling Nagra sound equipment, and the handheld, quick-load Eclair NPR cameras

that would effect the McLuhan-esque transmutation of Woodstock into *Woodstock*.

Once in position at the festival, they filmed everything: they filmed themselves filming, they caught the enormity upon enormity of the crowd, and they captured the touch of panic in the eyes of the performers. They came away with endless footage, 160 hours in total; the helicopters

that came thumping in with musicians on board (because all the roads were choked) were also loaded with cases of raw stock for the cameras. Onstage, the cameramen scuttled and skidded around at knee height to get those fawning, swooning rock-star shots; out in the campgrounds, Wadleigh's interviewers prodded the people with straight-man questions.

As a style, it was binocular, to say the least, and not for the purist. As Al Maysles averred in Dale Bell's 1999 book, *Woodstock: An Inside Look at the Movie That Shook Up the World and Defined a Generation*,

Just as you go to church and God is your guide, in documentary filmmaking the controlling element—the guiding hand, if you will—is reality. And we leave that powerful force to give us what we get, so we don't ask anything of anybody and certainly don't interview them.

But what we'd have lost, without those interviews! The blunt anthropology of Al Wertheimer enquiring, "You bring your own coals to Newcastle?" of the young man, girlfriend at his side, who has announced that he has come to the festival because "there's gonna be a lot of ballin'." And the strange contagion of benignity that seems to grip

The kids at Woodstock were either the first generation to taste true liberty, or the last generation able to police itself—we're still working that out.

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the local burghers, their dazed regard for the kids best expressed by the chief of police: "We think the people of this country should be proud of these kids ... their inner workings, their inner selves, their self-demeanor cannot be questioned. They can't be questioned as good American citizens!" (Note here the chief's jazzy mashup of New Age jargon and patriotic bluster. *Très Woodstock*.) Best of all is the progressive dissolution of one of the festival organizers, Artie Kornfeld, wet-eyed and helplessly grinning, whose head—by Sunday morning—appears to have been dunked in a bucket marked NERVOUS BREAKDOWN. "Financially, this is a disaster!" But he looks so happy ...? "You have to understand, the turnabout that I've gone through in the last three days, in the last 3 million years ... [*Faintly adjusts the flower in his hand.*] I meaning us, all of us ..."

And then there was the music. Richie Havens, his top teeth gone, was the first to play, hunched with a deadly humility over his guitar: his "Freedom," improvised on the spot, was pure suffering inspiration, pure duende. The Who walloped their way through a 3:30 a.m. set—impressive at the time, no doubt, though viewed today, the performance seems coarse and bombastic. Jefferson Airplane, staggering onstage a few hours later, were shakily magnificent. "Good morning, people!" yelled Grace Slick. What was the color of her eyes, in that tribal dawn? It was near-death-experience blue. Santana ... Sly Stone ... Sha Na Na, whose glam-revivalist take on '50s rock and roll turned out to be the most futuristic thing there. And finally Hendrix, drug-jumpy but soothed with Valium, before a dwindled crowd, snaking onstage to give the worst performance of "Voodoo Child (Slight Return)" on record before conjuring ex nihilo—out of some shreds of feedback—the pop-art masterpiece that was his "Star-Spangled Banner": Francis Scott Key reimagined as a muezzin with his finger in the wall socket.

Did I say that Wadleigh and his crew filmed everything? Not quite. No cameras seem to have been present, for example, near Hurd Road, on the east side of the site, on Saturday afternoon, when the Up Against the Wall Motherfuckers charged the Food

for Love concession stands in a fit of anarcho pique and burned 12 of them to the ground. (At issue—as reported in Bob Spitz's *Barefoot in Babylon*—were the stinking-capitalist profits allegedly being made by Food for Love, and the horse meat allegedly in its hamburgers.) The Maysles Brothers, with their nose for a good bummer, would have sniffed that scene out and made it a centerpiece. Nor did Wadleigh record the Grateful Dead demanding an enormous cash payment up front, or Pete Townshend beaming Abbie Hoffman with his guitar.

But these were sideshows, after all. The story of Woodstock, slice it how you will, is anti-Darwinian; nature suspended her processes of selection, and everyone more or less lovingly muddled through. Such menaces as there were seem to have been collective—the dodgy brown acid, the lack of sanitation, the rain that left concertgoers huddled under (packaged in?) sheets of clear plastic. When Sri Swami Satchidananda, ochre-robed, inaugurated the proceedings on August 15, he proclaimed the imminent oneness of everything: "America is becoming a whole!"

Well, he was wrong about that, wasn't he? The intervening 40 years have certainly not improved or united us, and for Woodstock Nation, several species of doom were just around the corner. Hendrix would soon be dead. Altamont was four months away, when the Maysleses would have their hour of vision: they would record the scowling Hells Angels; the flying pool cues; the heads turning, all day, at the murmured circulation of bad news; the steady inexorable worsening of *everything*.

But Wadleigh had his vision too, and it was no dippier or more sentimental than the Maysles Brothers'. Look again at the wallowing happy people, lotus-eating in squalor. Listen to the amazed and rattled townsfolk, the chief of police with his "inner selves," and enjoy the light music of collapsing hierarchies. The screen splits, and splits again; one thing ironizes or illuminates another. *Woodstock* plays cyclical social strife, the grating of the generations, as the grandest human comedy. Which, in the end, it may well be. ■

James Parker is an Atlantic contributing editor.



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ER THE NEEDLESS DEATH of his father, the author of this book, Dr. Peter Pronovost, has become a leading voice in the health-care industry that for years has delivered poor results with ever-growing costs. It is a system, he argues, that is not worth preserving as it stands. The changes that health-care reform now being contemplated will not fix it. Here's what he has to say about it.

HOW AMERICAN HEALTH CARE KILLED MY FATHER

David Goldhill

ALMOST TWO YEARS ago, my father was killed by a hospital-borne infection in the intensive-care unit of a well-regarded nonprofit hospital in New York City. Dad had just turned 83, and he had a variety of the ailments common to men of his age. But he was still going on the day he walked into the hospital with pneumonia. Within 36 hours, he had developed sepsis. Over the five weeks in the ICU, a wave of secondary infections, acquired in the hospital, overwhelmed his defenses. My father became a statistic—merely one of the roughly 100,000 Americans whose deaths are caused or influenced by infection picked up in hospitals. One hundred thousand deaths; that's more than double the number of people killed in car crashes, more than 10 times the number killed in homicides, 20 times the total number of our armed forces killed in Iraq and Afghanistan. He was just another victim in a building American tragedy.

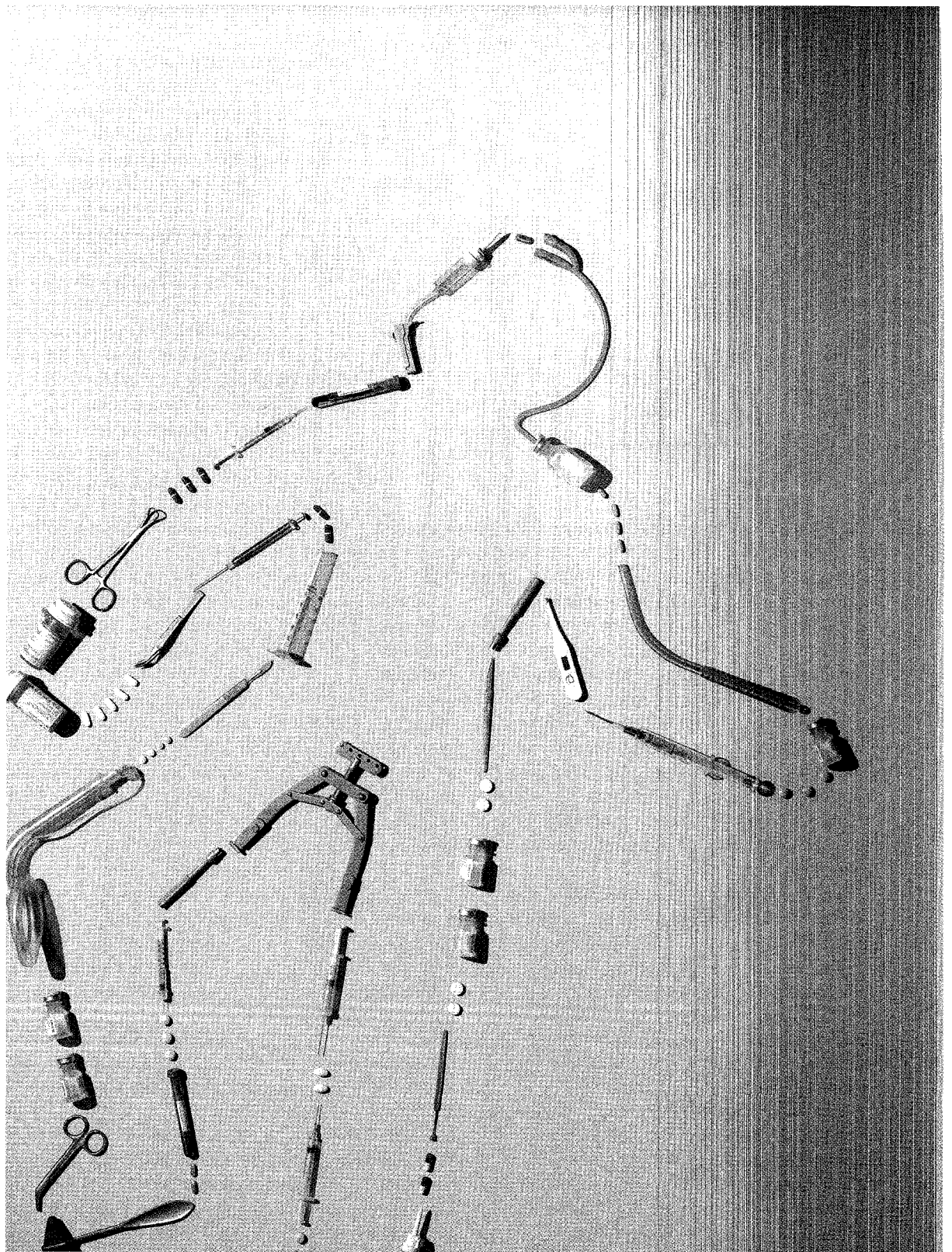
About a week after my father's death, *The New Yorker* ran an article by Atul Gawande profiling the efforts of Dr. Peter Pronovost to reduce the incidence of fatal hospital-borne infections. Pronovost's solution? A simple checklist of ICU protocols governing physician hand-washing and other basic infection-control procedures. Hospitals implementing Pronovost's list had enjoyed almost instant success in reducing the

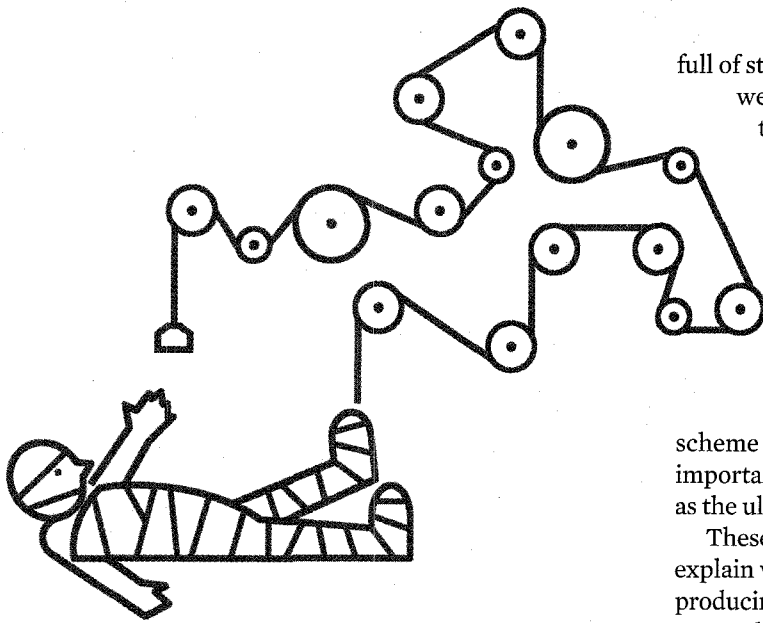
three months of its adoption. But many physicians rejected the checklist as an unnecessary and belittling bureaucratic intrusion, and many hospital executives were reluctant to push it on them. The story chronicled Pronovost's travels around the country as he struggled to persuade hospitals to embrace his reform.

It was a heroic story, but to me, it was also deeply unsettling. How was it possible that Pronovost needed to beg hospitals to adopt an essentially cost-free idea that saved so many lives? Here's an industry that loudly protests the high cost of liability insurance and the injustice of our tort system and yet needs extensive lobbying to embrace a simple technique to save up to 100,000 people.

And what about us—the patients? How does a nation that might close down a business for a single illness from a suspicious hamburger tolerate the carnage inflicted by our hospitals? And not just those 100,000 deaths. In April, a *Wall Street Journal* story suggested that blood clots following surgery or illness, the leading cause of preventable hospital deaths in the U.S., may kill nearly 200,000 patients per year. How did Americans learn to accept hundreds of thousands of deaths from minor medical mistakes as an inevitability?

My survivor's grief has taken the form of an obsession with our health-care system. For more than a year, I've been





Keeping Dad company in the hospital for five weeks had left me befuddled. How can a facility featuring state-of-the-art diagnostic equipment use less-sophisticated information technology than my local sushi bar? How can the ICU stress the importance of sterility when its trash is picked up once daily, and only after flowing onto the floor of a patient's room? Considering the importance of a patient's frame of mind to recovery, why are the rooms so cheerless and uncomfortable? In whose interest is the bizarre scheduling of hospital shifts, so that a five-week stay brings an endless string of new personnel assigned to a patient's care? Why, in other words, has this technologically advanced hospital missed out on the revolution in quality control and customer service that has swept all other consumer-facing industries in the past two generations?

I'm a businessman, and in no sense a health-care expert. But the persistence of bad industry practices—from long lines at the doctor's office to ever-rising prices to astonishing numbers of preventable deaths—seems beyond all normal logic, and must have an underlying cause. There needs to be a *business reason* why an industry, year in and year out, would be able to get away with poor customer service, unaffordable prices, and uneven results—a reason my father and so many others are unnecessarily killed.

Like every grieving family member, I looked for someone to blame for my father's death. But my dad's doctors weren't incompetent—on the contrary, his hospital physicians were smart, thoughtful, and hard-working. Nor is he dead because of indifferent nursing—without exception, his nurses were dedicated and compassionate. Nor from financial limitations—he was a Medicare patient, and the issue of expense was never once raised. There were no greedy pharmaceutical companies, evil health insurers, or other popular villains in his particular tragedy.

Indeed, I suspect that our collective search for villains—for someone to blame—has distracted us and our political leaders from addressing the fundamental causes of our nation's health-care crisis. All of the actors in health care—from doctors to insurers to pharmaceutical companies—work in a heavily regulated, massively subsidized industry

full of structural distortions. They all want to serve patients well. But they also all behave rationally in response to the economic incentives those distortions create. Accidentally, but relentlessly, America has built a health-care system with incentives that inexorably generate terrible and perverse results. Incentives that emphasize health *care* over any other aspect of health and well-being. That emphasize treatment over prevention. That disguise true costs. That favor complexity, and discourage transparent competition based on price or quality. That result in a generational pyramid scheme rather than sustainable financing. And that—most important—remove consumers from our irreplaceable role as the ultimate insurer of value.

These are the impersonal forces, I've come to believe, that explain why things have gone so badly wrong in health care, producing the national dilemma of runaway costs and poorly covered millions. The problems I've explored in the past year hardly count as breakthrough discoveries—health-care experts undoubtedly view all of them as old news. But some experts, it seems, have come to see many of these problems as inevitable in any health-care system—as conditions to be patched up, papered over, or worked around, but not problems to be solved.

That's the premise behind today's incremental approach to health-care reform. Though details of the legislation are still being negotiated, its principles are a reprise of previous reforms—addressing access to health care by expanding government aid to those without adequate insurance, while attempting to control rising costs through centrally administered initiatives. Some of the ideas now on the table may well be sensible in the context of our current system. But fundamentally, the “comprehensive” reform being contemplated merely cements in place the current system—insurance-based, employment-centered, administratively complex. It addresses the underlying causes of our health-care crisis only obliquely, if at all; indeed, by extending the current system to more people, it will likely increase the ultimate cost of true reform.

I'm a Democrat, and have long been concerned about America's lack of a health safety net. But based on my own work experience, I also believe that unless we fix the problems at the foundation of our health system—largely problems of incentives—our reforms won't do much good, and may do harm. To achieve maximum coverage at acceptable cost with acceptable quality, health care will need to become subject to the same forces that have boosted efficiency and value throughout the economy. We will need to reduce, rather than expand, the role of insurance; focus the government's role exclusively on things that only government can do (protect the poor, cover us against true catastrophe, enforce safety standards, and ensure provider competition); overcome our addiction to Ponzi-scheme financing, hidden subsidies, manipulated prices, and undisclosed results; and rely more on ourselves, the consumers, as the ultimate guarantors of good service, reasonable prices, and sensible trade-offs between health-care spending and spending on all the other good things money can buy.

STEPHEN SAVAGE

These ideas stand well outside the emerging political consensus about reform. So before exploring alternative policies, let's reexamine our basic assumptions about health care—what it actually is, how it's financed, its accountability to patients, and finally its relationship to the eternal laws of supply and demand. Everyone I know has at least one personal story about how screwed up our health-care system is; before spending (another) \$1 trillion or so on reform, we need a much clearer understanding of the causes of the problems we all experience.

HEALTH CARE ISN'T HEALTH (OR HAPPINESS)

"Money is honey," my grandmother used to tell me, "but health is wealth." She said "health," not "health care." Listening to debates over health-care reform, it is sometimes difficult to remember that there is a difference.

Medical care, of course, is merely one component of our overall health. Nutrition, exercise, education, emotional security, our natural environment, and public safety may now be more important than care in producing further advances in longevity and quality of life. (In 2005, almost half of all deaths in the U.S. resulted from heart disease, diabetes, lung cancer, homicide, suicide, and accidents—all of which are arguably influenced as much by lifestyle choices and living environment as by health care.) And of course even health itself is only one aspect of personal fulfillment, alongside family and friends, travel, recreation, the pursuit of knowledge and experience, and more.

Yet spending on health care, by families and by the government, is crowding out spending on almost everything else. As a nation, we now spend almost 18 percent of our GDP on health care. In 1966, Medicare and Medicaid made up 1 percent of total government spending; now that figure is 20 percent, and quickly rising. Already, the federal government spends eight times as much on health care as it does on education, 12 times what it spends on food aid to children and families, 30 times what it spends on law enforcement, 78 times what it spends on land management and conservation, 87 times the spending on water supply, and 830 times the spending on energy conservation. Education, public safety, environment, infrastructure—all other public priorities are being slowly devoured by the health-care beast.

It's no different for families. From 2000 to 2008, the U.S. economy grew by \$4.4 trillion; of that growth, roughly one out of every four dollars was spent on health care. Household expenditures on health care already exceed those on housing. And health care's share is growing.

By what mechanism does society determine that an extra, say, \$100 billion for health care will make us healthier than even \$10 billion for cleaner air or water, or \$25 billion for better nutrition, or \$5 billion for parks, or \$10 billion for recreation, or \$50 billion in additional vacation time—or all of those alternatives combined?

The answer is, no mechanism at all. Health care simply keeps gobbling up national resources, seemingly without regard to other societal needs; it's treated as an island that doesn't touch or affect the rest of the economy. As new tests and treatments are developed, they are, for the most part, added to our Medicare or commercial insurance policies, no matter what they cost. But of course the money must come from somewhere. If the amount we spend on care had grown only at the general rate of inflation since 1970, annual health-care costs now would be roughly \$5,000 less per American—that's about 10 percent of today's median income, to invest for the future or to spend on all the other things that contribute to our well-being. To be sure, our society has become wealthier over the years, and we'd naturally want to spend some of this new wealth on more and better health care; but how did we choose to spend this much?

The housing bubble offers some important lessons for health-care policy. The claim that something—whether housing or health care—is an undersupplied social good is commonly used to justify government intervention, and policy makers have long striven to make housing more affordable. But by making housing investments eligible for special tax

benefits and subsidized borrowing rates, the government has stimulated not only the construction of more houses but also the willingness of people to borrow and spend more on houses than they otherwise would have. The result is now tragically clear.

As with housing, directing so much of society's resources to health care is stimulating the provision of vastly more care. Along the way, it's also distorting demand, raising prices, and making us all poorer by crowding out other, possibly more beneficial, uses for the resources now air-dropped onto the island of health care. Why do we view health care as disconnected from everything else?

Why do we spend so much on it? And why, ultimately, do we get such inconsistent results? Any discussion of the ills within the system must begin with a hard look at the tax-advantaged comprehensive-insurance industry at its center.

HEALTH INSURANCE ISN'T HEALTH CARE

How often have you heard a politician say that millions of Americans "have no health care," when he or she meant they have no health *insurance*? How has a method of financing health care become synonymous with care itself?

The reason for financing at least some of our health care with an insurance system is obvious. We all worry that a serious illness or an accident might one day require urgent, extensive care, imposing an extreme financial burden on us. In this sense, health-care insurance is just like all other forms of insurance—life, property, liability—where the many who face a risk share the cost incurred by the few who actually suffer a loss.

But health insurance is different from every other type of insurance. Health insurance is the primary payment mechanism not just for expenses that are unexpected and large, but for *nearly all* health-care expenses. We've become so used to

**Confiscating
all the profits
of all American
companies, in
every industry,
wouldn't cover
even five months
of our health-
care expenses.**

health insurance that we don't realize how absurd that is. We can't imagine paying for gas with our auto-insurance policy, or for our electric bills with our homeowners insurance, but we all assume that our regular checkups and dental cleanings will be covered at least partially by insurance. Most pregnancies are planned, and deliveries are predictable many months in advance, yet they're financed the same way we finance fixing a car after a wreck—through an insurance claim.

Comprehensive health insurance is such an ingrained element of our thinking, we forget that its rise to dominance is relatively recent. Modern group health insurance was introduced in 1929, and employer-based insurance began to blossom during World War II, when wage freezes prompted employers to expand other benefits as a way of attracting workers. Still, as late as 1954, only a minority of Americans had health insurance. That's when Congress passed a law making employer contributions to employee health plans tax-deductible without making the resulting benefits taxable to employees. This seemingly minor tax benefit not only encouraged the spread of catastrophic insurance, but had the accidental effect of making employer-funded health insurance the most affordable option (after taxes) for financing pretty much *any* type of health care. There was nothing natural or inevitable about the way our system developed: employer-based, comprehensive insurance crowded out alternative methods of paying for health-care expenses only because of a poorly considered tax benefit passed half a century ago.

In designing Medicare and Medicaid in 1965, the government essentially adopted this comprehensive-insurance model for its own spending, and by the next year had enrolled nearly 12 percent of the population. And it is no coincidence that the great inflation in health-care costs began soon after. We all believe we need comprehensive health insurance because the cost of care—even routine care—appears too high to bear on our own. But the use of insurance to fund virtually all care is itself a major *cause* of health care's high expense.

Insurance is probably the most complex, costly, and distortional method of financing any activity; that's why it is otherwise used to fund only rare, unexpected, and large costs. Imagine sending your weekly grocery bill to an insurance clerk for review, and having the grocer reimbursed by the insurer to whom you've paid your share. An expensive and wasteful absurdity, no?

Is this really a big problem for our health-care system? Well, for every two doctors in the U.S., there is now one

health-insurance employee—more than 470,000 in total. In 2006, it cost almost \$500 per person just to administer health insurance. Much of this enormous cost would simply disappear if we paid routine and predictable health-care expenditures the way we pay for everything else—by ourselves.

THE MORAL-HAZARD ECONOMY

Society's excess cost from health insurance's administrative expense pales next to the damage caused by "moral hazard"—the tendency we all have to change our behavior, becoming spendthrifts and otherwise taking less care with our decisions, when someone else is covering the costs. Needless to say, much medical care is unavoidable; we don't choose to become sick, nor do we seek more treatment than we think we need. Still, hospitals, drug companies, health insurers, and medical-device manufacturers now spend roughly \$6 billion a year on advertising. If the demand for health care is purely a response to unavoidable medical need, why do these companies do so much advertising?

Medical ads on TV typically inform the viewer that a specific treatment—a drug, device, surgical procedure—is available for a chronic condition. Many also note that the product or treatment is eligible for Medicare or private-insurance reimbursement. In some cases, the advertiser will offer to help the patient obtain that reimbursement. The key message: you can benefit from this product and pass the bill on to someone else.

Every time you walk into a doctor's office, it's implicit that someone else will be paying most or all of your bill; for most of us, that means we give less attention to prices for medical services than we do to prices for anything else. Most physicians, meanwhile, benefit financially from ordering

diagnostic tests, doing procedures, and scheduling follow-up appointments. Combine these two features of the system with a third—the informational advantage that extensive training has given physicians over their patients, and the authority that advantage confers—and you have a system where physicians can, to some extent, generate demand at will.

Do they? Well, Medicare spends almost twice as much per patient in Dallas, where there are more doctors and care facilities per resident, as it does in Salem, Oregon, where supply is tighter. Why? Because doctors (particularly specialists) in surplus areas order more tests and treatments per capita, and keep their practices busy. Many studies have shown that the patients in areas like Dallas do not benefit in any measurable way from all this extra care. All of the physicians I know are genuinely dedicated to their patients. But at the margin,



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all of us are at least subconsciously influenced by our own economic interests. The data are clear: in our current system, physician supply often begets patient demand.

Moral hazard has fostered an accidental collusion between providers benefiting from higher costs and patients who don't fully bear them. In this environment, trying to control costs is awfully tough. When Medicare cut reimbursement rates in 2005 on chemotherapy and anemia drugs, for instance, it saved almost 20 percent of the previously billed costs. But Medicare's total cancer-treatment costs actually rose almost immediately. As *The New York Times* reported, some physicians believed their colleagues simply performed more treatments, particularly higher-profit ones.

Want further evidence of moral hazard? The average insured American and the average uninsured American spend very similar amounts of *their own money* on health care each year—\$654 and \$583, respectively. But they spend wildly different amounts of *other people's money*—\$3,809 and \$1,103, respectively. Sometimes the uninsured do not get highly beneficial treatments because they cannot afford them at today's prices—something any reform must address. But likewise, insured patients often get only marginally beneficial (or even outright unnecessary) care at mind-boggling cost. If it's true that the insurance system leads us to focus on only our direct share of costs—rather than the total cost to society—it's not surprising that insured families and uninsured ones would make similar decisions as to how much of their own money to spend on care, but very different decisions on the total amount to consume.

The unfortunate fact is, health-care demand has no natural limit. Our society will always keep creating new treatments to cure previously incurable problems. Some of these will save lives or add productive years to them; many will simply make us more comfortable. That's all to the good. But the cost of this comfort, and whether it's really worthwhile, is never calculated—by anyone. For almost all our health-care needs, the current system allows us as consumers to ask providers, "What's my share?" instead of "How much does this cost?"—a question we ask before buying any other good or service. And the subtle difference between those two questions is costing us all a fortune.

THERE'S NO ONE ELSE TO PAY THE BILL

Perhaps the greatest problem posed by our health-insurance-driven regime is the sense it creates that someone else is actually paying for most of our health care—and that the costs of new benefits can also be borne by someone else. Unfortunately, there is no one else.

For fun, let's imagine confiscating all the profits of all the famously greedy health-insurance companies. That would pay for four days of health care for all Americans. Let's add in the profits of the 10 biggest rapacious U.S. drug companies. Another 7 days. Indeed, confiscating all the profits of *all* American companies, in *every* industry, wouldn't cover even five months of our health-care expenses.

Somebody else always *seems* to be paying for at least part of our health care. But that's just an illusion. At \$2.4 trillion and growing, our nation's health-care bill is too big to be paid by anyone other than all of us.

In 2007, employer-based health insurance cost, on average, more than \$12,000 per family, up 78 percent since 2001. I've run several companies and company divisions of various sizes over the course of my career, so I can confidently tell you that raises (and even entry-level hiring) are tightly limited by rising health-care costs. You may think your employer is paying for your health care, but in fact your company's share of the insurance premium comes out of your potential wage increase. Where else *could* it come from?

Let's say you're a 22-year-old single employee at my company today, starting out at a \$30,000 annual salary. Let's assume you'll get married in six years, support two children for 20 years, retire at 65, and die at 80. Now let's make a crazy assumption: insurance premiums, Medicare taxes and premiums, and out-of-pocket costs will grow no faster than your earnings—say, 3 percent a year. By the end of your working days, your annual salary will be up to \$107,000. And over your lifetime, you and your employer together will have paid \$1.77 million for your family's health care. \$1.77 million! And that's only after assuming the taming of costs! In recent years, health-care costs have actually grown 2 to 3 percent faster than the economy. If that continues, your 22-year-old self is looking at an additional \$2 million or so in expenses over your lifetime—roughly \$4 million in total.

Would you have guessed these numbers were so large? If not, you have good cause: only a quarter would be paid by you directly (and much of that after retirement). The rest would be spent by others on your behalf, deducted from your earnings before you received your paycheck. And that's a big reason why our health-care system is so expensive.

THE GOVERNMENT IS NOT GOOD AT COST REDUCTION

Every proposal for health-care reform has featured some element of cost control to "balance" the inflationary impact of expanding access. Yet it goes without saying that in the big picture, all government efforts to control costs have failed.

Why? One reason is a fixation on prices rather than costs. The government regularly tries to cap costs by limiting the reimbursement rates paid to providers by Medicare and Medicaid, and generally pays much less for each service than private insurers. But as we've seen, that can lead providers to perform *more* services, and to steer patients toward higher-priced, more lightly regulated treatments. The government's efforts to expand "access" to care while limiting costs are like blowing up a balloon while simultaneously squeezing it. The balloon continues to inflate, but in misshapen form.

Cost control is a feature of decentralized, competitive markets, not of centralized bureaucracy—a matter of incentives, not mandates. What's more, cost control is *dynamic*. Even the simplest business faces constant variation in its costs for labor, facilities, and capital; to compete, management must react quickly, efficiently, and, most often, prospectively. By contrast, government bureaucracies set regulations and reimbursement rates through carefully evaluated and broadly applied rules. These bureaucracies first must notice market changes and resource misallocations, and then (sometimes subject to political considerations) issue additional

regulations or change reimbursement rates to address each problem retrospectively.

As a result, strange distortions crop up constantly in health care. For example, although the population is rapidly aging, we have few geriatricians—physicians who address the cluster of common patient issues related to aging, often crossing traditional specialty lines. Why? Because under Medicare's current reimbursement system (which generally pays more to physicians who do lots of tests and procedures), geriatricians typically don't make much money. If seniors were the true customers, they would likely flock to geriatricians, bidding up their rates—and sending a useful signal to medical-school students. But Medicare is the real customer, and it pays more to specialists in established fields. And so, seniors often end up overusing specialists who are not focused on their specific health needs.

Many reformers believe if we could only adopt a single-payer system, we could deliver health care more cheaply than we do today. The experience of other developed countries suggests that's true: the government as single payer would have lower administrative costs than private insurers, as well as enormous market clout and the ability to bring down prices, although at the cost of explicitly rationing care.

But even leaving aside the effects of price controls on innovation and customer service, today's Medicare system should leave us skeptical about the long-term viability of that approach. From 2000 to 2007, despite its market power, Medicare's hospital and physician reimbursements per enrollee rose by 5.4 percent and 8.5 percent, respectively, per year. As currently structured, Medicare is a Ponzi scheme. The Medicare tax rate has been raised seven times since its enactment, and almost certainly will need to be raised again in the next decade. The Medicare tax contributions and premiums that today's beneficiaries have paid into the system don't come close to fully funding their care, which today's workers subsidize. The subsidy is getting larger even as it becomes more difficult to maintain: next year there will be 3.7 working people for each Medicare beneficiary; if you're in your mid-40s today, there will be only 2.4 workers to subsidize your care when you hit retirement age. The experience of other rich nations should also make us skeptical. Whatever their histories, nearly all developed countries are now struggling with rapidly rising health-care costs, including those with single-payer systems. From 2000 to 2005, per capita health-care spending in Canada grew by 33 percent, in France by 37 percent, in the U.K. by 47 percent—all comparable to the 40 percent growth experienced by the U.S. in that period. Cost control by way of bureaucratic price controls has its limits.

UNCOMPETITIVE

In 2007, health companies in the *Fortune* 1,000 earned \$71 billion. Of the 52 industries represented on *Fortune's* list, pharmaceuticals and medical equipment ranked third and fourth, respectively, in terms of profits as a share of revenue.

From 2000 to 2007, the annual profits of America's top 15 health-insurance companies increased from \$3.5 billion to \$15 billion.

In competitive markets, high profits serve an important social purpose: encouraging capital to flow to the production of a service not adequately supplied. But as long as our government shovels ever-greater resources into health care with one hand, while with the other restricting competition that would ensure those resources are used efficiently, sustained high profits will be the rule.

Health care is an exceptionally heavily regulated industry. Health-insurance companies are regulated by states, which limits interstate competition. And many of the materials, machines, and even software programs used by health-care facilities must be licensed by state or federal authorities, or approved for use by Medicare; these requirements form large barriers to entry for both new facilities and new vendors that could equip and supply them.

Many health-care regulations are justified as safety precautions. But many also result from attempts to redress the distortions that our system of financing health care has created. And whatever their purpose, almost all of these regulations can be shaped over time by the powerful institutions that dominate the health-care landscape, and that are often looking to protect themselves from competition.

Take the ongoing battle between large integrated hospitals and specialty clinics (for cardiac surgery, orthopedics, maternity, etc.). The economic threat posed by these facilities is well illustrated by a recent battle in Loma Linda, California. When a group of

doctors proposed a 28-bed private specialty facility, the local hospitals protested to the city council that it was unnecessary, and launched a publicity campaign to try to block it; the council backed the facility anyway. So the nonprofit Loma Linda University Medical Center simply bought the new facility for \$80 million in 2008. Traditional hospitals got Congress to include an 18-month moratorium on new specialty hospitals in the 2003 Medicare law, and a second six-month ban in 2005.

The hospitals' argument has some merit: less complicated surgical cases (the kind specialty clinics typically take on) tend to be more profitable than complex surgeries and non-surgical admissions. Without those profitable cases, hospitals can't subsidize the cases on which they lose money. But why are simple surgeries more profitable? Because of the nonmarket methods by which Medicare sets prices.

The net effect of the endless layers of health-care regulation is to stifle competition in the classic economic sense. What we have instead is a noncompetitive system where services and reimbursement are negotiated above consumers' heads by large private and government institutions. And the primary goal of any large noncompetitive institution is not cost control or product innovation or customer service: it's maintenance of the status quo.

Most pregnancies are planned, and deliveries are predictable many months in advance, yet they're financed the same way we finance fixing a car after a wreck—through an insurance claim.

OUR FAVORED HOSPITALS

In 1751, Benjamin Franklin and Dr. Thomas Bond founded Pennsylvania Hospital, the first in America, “to care for the sick-poor and insane who were wandering the streets of Philadelphia.” Since then, hospitals have come to dominate the American medical landscape. Yet in recent decades, the rationale for concentrating so much care under one roof has diminished steadily. Many hospitals still exist in their current form largely because they are protected by regulation and favored by government payment policies, which effectively maintain the existing industrial structure, rather than encouraging innovation.

Between 1970 and 2006, annual Medicare payments to hospitals grew by roughly 3,800 percent, from \$5 billion to \$192 billion. Total annual hospital-care costs for all patients grew from \$28 billion to almost \$650 billion during that same period. Since 1975, hospitals’ enormous revenue growth has occurred *despite* a 35 percent decline in the number of hospital beds, no meaningful increase in total admissions, and an almost 50 percent decline in the average length of stay. High-tech equipment has been dispersed to medical practices, recovery periods after major procedures have shrunk, and pharmaceutical therapies have grown in importance, yet over the past 40 years, hospitals have managed to retain the same share (roughly one-third) of our nation’s health-care bill.

Hospitals have sought to use the laws and regulations originally designed to serve patients to preserve their business model. Their argument is the same one that’s been made before by regulated railroads, electric utilities, airlines, Ma Bell, and banks: new competitors, they say, are using their cost advantages to skim off the best customers; without those customers, the incumbents will no longer be able to subsidize essential services that no one can profitably provide to the public.

Hospitals are indeed required to provide emergency care to any walk-in patient, and this obligation is a meaningful public service. But how do we know whether the charitable benefit from this requirement justifies the social cost of expensive hospital care and poor quality? We don’t know. Our system of health-care law and regulation has so distorted the functioning of the market that it’s impossible to measure the social costs and benefits of maintaining hospitals’ prominence. And again, the distortions caused by a reluctance to pay directly for health care—in this case, emergency medicine for the poor—are in large part to blame.

Consider the oft-quoted “statistic” that emergency-room care is the most expensive form of treatment. Has anyone who believes this ever actually been to an emergency room? My sister is an emergency-medicine physician; unlike most other specialists, ER docs usually work on scheduled shifts and are paid fixed salaries that place them in the lower ranks of physician compensation. The doctors and other workers are hardly underemployed: typically, ERs are unbelievably crowded. They have access to the facilities and equipment of the entire hospital, but require very few dedicated resources of their own. They benefit from the group buying power of the entire institution. No expensive art decorates the walls, and the waiting rooms resemble train-station waiting areas. So what *exactly* makes an ER more expensive than other forms of treatment?

Perhaps it’s the accounting. Since charity care, which is often performed in the ER, is one justification for hospitals’ protected place in law and regulation, it’s in hospitals’ interest to shift costs from overhead and other parts of the hospital to the ER, so that the costs of charity care—the public service that hospitals are providing—will appear to be high. Hospitals certainly lose money on their ERs; after all, many of their customers pay nothing. But to argue that ERs are costly compared with other treatment options, hospitals need to claim expenses well beyond the marginal (or incremental) cost of serving ER patients.

In a recent IRS survey of almost 500 nonprofit hospitals, nearly 60 percent reported providing charity care equal to less than 5 percent of their total revenue, and about 20 percent reported providing less than 2 percent. Analyzing data from the American Hospital Directory, *The Wall Street Journal* found that the 50 largest nonprofit hospitals or hospital systems made a combined “net income” (that is, profit) of \$4.27 billion in 2006, nearly eight times their profits five years earlier.

How do we know whether the value of hospitals’ charitable services compensates for the roughly 100,000 deaths from hospital-borne disease, their poor standards of customer service, and their extraordinary diseconomies of both scale and scope? Might we be better off reforming hospitals, and allowing many of them to be eliminated by competition from specialty clinics? As a society, couldn’t we just pay directly for the services required by the poor? We don’t know how many hospitals would even survive if they were not so favored under the law; anyone who has lost a loved one to a preventable hospital death will wonder how many should.

YOU ARE NOT THE CUSTOMER

What amazed me most during five weeks in the ICU with my dad was the survival of paper and pen for medical instructions and histories. In that time, Dad was twice taken for surgical procedures intended for other patients (fortunately interrupted both times by our intervention). My dry cleaner uses a more elaborate system to track shirts than this hospital used to track treatment.

Not every hospital relies on paper-based orders and charts, but most still do. Why has adoption of clinical information technology been so slow? Companies invest in IT to reduce their costs, reduce mistakes (itself a form of cost-saving), and improve customer service. Better information technology would have improved my father’s experience in the ICU—and possibly his chances of survival.

But my father was not the customer; Medicare was. And although Medicare has experimented with new reimbursement approaches to drive better results, no centralized reimbursement system can be supple enough to address the many variables affecting the patient experience. Certainly, Medicare wasn’t paying for the quality of service during my dad’s hospital stay. And it wasn’t really paying for the quality of his care, either; indeed, because my dad got sepsis in the hospital, and had to spend weeks there before his death, the hospital was able to charge a lot more for his care than if it had successfully treated his pneumonia and sent him home in days.



Of course, one area of health-related IT has received substantial investment—billing. So much for the argument, often made, that privacy concerns or a lack of agreed-upon standards has prevented the development of clinical IT or electronic medical records; presumably, if lack of privacy or standards had hampered the digitization of health records, it also would have prevented the digitization of the accompanying bills. To meet the needs of the government bureaucracy and insurance companies, most providers now bill on standardized electronic forms. In case you wonder who a care provider's real customer is, try reading one of these bills.

For that matter, try discussing prices with hospitals and other providers. Eight years ago, my wife needed an MRI, but we did not have health insurance. I called up several area hospitals, clinics, and doctors' offices—all within about a one-mile radius—to find the best price. I was surprised to discover that prices quoted, for an identical service, varied widely, and that the lowest price was \$1,200. But what was truly astonishing was that several providers refused to quote any price. Only if I came in and actually ordered the MRI could we discuss price.

Several years later, when we were preparing for the birth of our second child, I requested the total cost of the delivery and related procedures from our hospital. The answer: the

hospital discussed price only with uninsured patients. What about my co-pay? They would discuss my potential co-pay only if I were applying for financial assistance.

Keeping prices opaque is one way medical institutions seek to avoid competition and thereby keep prices up. And they get away with it in part because so few consumers pay directly for their own care—insurers, Medicare, and Medicaid are basically the whole game. But without transparency on prices—and the related data on measurable outcomes—efforts to give the consumer more control over health care have failed, and always will.

Here's a wonderful example of price opacity. Advocates for the uninsured complain that hospitals charge uninsured patients, on average, 2.5 times the amount charged to insured patients. Hospitals defend themselves by contending that they earn from uninsured patients only 25 percent of the amount they do from insured ones. *Both statements appear to be true!*

How is this possible? Well, hospitals bill according to their price lists, but provide large discounts to major insurers. Individual consumers, of course, don't benefit from these discounts, so they receive their bills at full list price (typically about 2.5 times the bill to an insured patient). Uninsured patients, however, pay according to how much of the bill the hospital believes they can afford (which, on average, amounts to 25 percent of the amount paid by an insured patient). Nonetheless,

whatever discount a hospital gives to an uninsured patient is entirely at its discretion—and is typically negotiated only after the fact. Some uninsured patients have been driven into bankruptcy by hospital collections. American industry may offer no better example of pernicious "price discrimination," nor one that entails greater financial vulnerability for American families.

It's astonishingly difficult for consumers to find *any* health-care information that would enable them to make informed choices—based not just on price, but on quality of care or the rate of preventable medical errors. Here's one place where legal requirements might help. But only a few states require institutions to make this sort of information public in a usable form for consumers. So while every city has numerous guidebooks with reviews of schools, restaurants, and spas, the public is frequently deprived of the necessary data to choose hospitals and other providers.

THE STRANGE BEAST OF HEALTH-CARE TECHNOLOGY

One of the most widely held pieces of conventional wisdom about health care is that new technology is relentlessly driving up costs. Yet over the past 20 years, I've bought several generations of microwave ovens, personal computers, DVD



It's the most valuable thing on earth.

All the money in the world can't buy it.

Those who have it don't always appreciate it.

Those who have lost it will do anything to get it back.

What is it?

It's Health.

At GE, we believe what's needed, right now, is a new mindset that embraces that health is everything.

We call it healthymagination

Just as we delivered innovation in environmental technology with ecomagination, healthymagination will change the way we approach healthcare, with over 100 innovations all focused on addressing three critical needs: **lowering costs, touching more people and improving quality.**

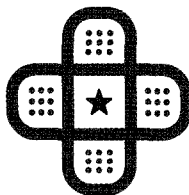
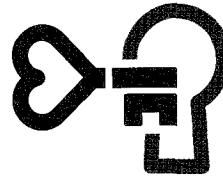


Reduce Costs

Yes, costs need to be lowered, while still delivering the best technology possible. GE's Electronic Medical Records give doctors the information they need almost instantly and could save billions in costs over the next 5 years.

Increase Access

Access to healthcare should be more available and not determined by where you live. Equipment like GE's MAC 800 brings lifesaving ECG technology to patients in a unit smaller than a backpack, accessible to the most remote hospitals and clinics in the world.



Improve Quality

Quality healthcare empowers more people through early detection and a higher level of care at home. As people age or face chronic conditions, they need innovations like Home Health technologies that remotely monitor their well-being so they can live independently.

By Keeping People Well, We All Do Well

Healthymagination is already hard at work opening up minds, sparking conversations, and exploring possibilities. While we've been in healthcare for more than 100 years, we've never been more inspired. From maternal and infant care to water purification to health education, we're driving ahead with new technologies all over the world.



imagination at work

healthymagination.com

players, GPS devices, mobile phones, and flat-screen TVs. I bank mostly at ATMs, check out my own goods at self-serve supermarket scanners, and attend company meetings by videoconference. Technology has transformed much of our daily lives, in almost all cases by adding quantity, speed, and quality while *lowering* costs. So why is health care different?

Well, for the most part, it isn't. Whether it's new drugs to control previously untreatable conditions, diagnostic equipment that enhances physician productivity, or minimally invasive techniques that speed patient recovery, technology-driven innovation has been transforming care at least as greatly as it has transformed the rest of our lives.

But most health-care technologies don't exist in the same world as other technologies. Recall the MRI my wife needed a few years ago: \$1,200 for 20 minutes' use of a then 20-year-old technology, requiring a little electricity and a little labor from a single technician and a radiologist. Why was the price so high? Most MRIs in this country are reimbursed by insurance or Medicare, and operate in the limited-competition, nontransparent world of insurance pricing. I don't even know the price of many of the diagnostic services I've needed over the years—usually I've just gone to whatever provider my physician recommended, without asking (my personal contribution to the moral-hazard economy).

By contrast, consider LASIK surgery. I still lack the (small amount of) courage required to get LASIK. But I've been considering it since it was introduced commercially in the 1990s. The surgery is seldom covered by insurance, and exists in the competitive economy typical of most other industries. So people who get LASIK surgery—or for that matter most cosmetic surgeries, dental procedures, or other mostly uninsured treatments—act like consumers. If you do an Internet search today, you can find LASIK procedures quoted as low as \$499 per eye—a decline of roughly 80 percent since the procedure was introduced. You'll also find sites where doctors advertise their own higher-priced surgeries (which more typically cost about \$2,000 per eye) and warn against the dangers of discount LASIK. Many ads specify the quality of equipment being used and the performance record of the doctor, in addition to price. In other words, there's been an active, competitive market for LASIK surgery of the same sort we're used to seeing for most goods and services.

The history of LASIK fits well with the pattern of all capital-intensive services outside the health-insurance economy. If you're one of the first ophthalmologists in your community to perform the procedure, you can charge a high price. But once you've acquired the machine, the actual cost of performing a single procedure (the marginal cost) is relatively low. So, as additional ophthalmologists in the neighborhood invest in LASIK equipment, the first provider can meet new competition by cutting price. In a fully

competitive marketplace, the procedure's price will tend toward that low marginal cost, and ophthalmologists looking to buy new machines will exert downward pressure on both equipment and procedure prices.

No business likes to compete solely on price, so most technology providers seek to add features and performance improvements to new generations of a machine—anything to keep their product from becoming a pure commodity. Their success depends on whether the consumers will pay enough for the new feature to justify its introduction. In most consumer industries, we can see this dynamic in action—observe how DVD players have moved in a few years from a high-priced luxury to a disposable commodity available at discount stores. DVD players have run out of new features for which customers will pay premium prices.

Perhaps MRIs have too. After a long run of high and stable prices, you can now find ads for discount MRIs. But because of the peculiar way we pay for health care, this downward price pressure on technology seems less vigorous. How well can insurance companies and government agencies judge the value of new features that tech suppliers introduce to keep prices up? Rather than blaming technology for rising costs, we must ask if moral hazard and a lack of discipline in national health-care spending allows health-care companies to avoid the forces that make nonmedical technology so competitive.

In 2002, the U.S. had almost six times as many CT scanners per capita as Germany and four times as many MRI machines as the U.K. Traditional reformers believe it is this rate of investment that has pushed up prices, rather than sustained high prices that have pushed up investment. As a result, many states now require hospitals to obtain a Certificate of

Need before making a major equipment purchase. In its own twisted way, this makes sense: moral hazard, driven by insurance, for years allowed providers to create enough demand to keep new MRI machines humming at any price.

But Certificates of Need are just another Scotch-tape reform, an effort to maintain the current system by treating a symptom rather than the underlying disease. Technology is driving up the cost of health care for the same reason every other factor of care is driving up the cost—the absence of the forces that discipline and even drive down prices in the rest of our economy. Only in the bizarre parallel universe of health care could limiting supply be seen as a sensible approach to keeping prices *down*.

THE LIMITS OF “COMPREHENSIVE” HEALTH-CARE REFORM

A wasteful insurance system; distorted incentives; a bias toward treatment; moral hazard; hidden costs and a lack of transparency; curbed competition; service to the wrong customer. These are the problems at the foundation of our health-care system, resulting in a slow rot and requiring more and more money just to keep the system from collapsing.

**In five weeks,
Dad was twice
taken for surgical
procedures
intended for
other patients.
My dry cleaner
uses a more
elaborate system
to track shirts
than this hospital
used to track
treatment.**

AMITE THRILLER —LIZ SM
AS CRIME WRITING GE
ONE-WOMAN VENGEANCE

THE GIRL WHO PLAYS WITH FIRE

ING, HUGELY ANTICIP
bestseller THE GIRL WITH

How would the health-care reform that's now taking shape solve these core problems? The Obama administration and Congress are still working out the details, but it looks like this generation of "comprehensive" reform will not address the underlying issues, any more than previous efforts did. Instead it will put yet more patches on the walls of an edifice that is fundamentally unsound—and then build that edifice higher.

A central feature of the reform plan is the expansion of comprehensive health insurance to most of the 46 million Americans who now lack private or public insurance. Whether this would be achieved entirely through the extension of private commercial insurance at government-subsidized rates, or through the creation of a "public option," perhaps modeled on Medicare, is still being debated.

Regardless, the administration has suggested a cost to taxpayers of \$1 trillion to \$1.5 trillion over 10 years. That, of course, will mean another \$1 trillion or more not spent on other things—environment, education, nutrition, recreation. And if the history of previous attempts to expand the health safety net are any guide, that estimate will prove low.

The reform plan will also feature a variety of centrally administered initiatives designed to reduce costs and improve quality. These will likely include a major government investment to promote digitization of patient health records, an effort to collect information on best clinical practices, and

changes in the way providers are paid, to better reward quality and deter wasteful spending.

All of these initiatives have some theoretical appeal. And within the confines of the current system, all may do some good. But for the most part, they simply do not address the root causes of poor quality and runaway costs.

Consider information technology, for instance. Of course the health system could benefit from better use of IT. The Rand Corporation has estimated that the widespread use of electronic medical records would eventually yield annual savings of \$81 billion, while also improving care and reducing preventable deaths, and the White House estimates that creating and spreading the technology would cost just \$50 billion. But in what other industry would an investment with such a massive annual return not be funded by the industry itself? (And while \$50 billion may sound like a big investment, it's only about 2 percent of the health-care industry's annual revenues.)

Technology is effective only when it's properly applied. Since most physicians and health-care companies haven't adopted electronic medical records on their own, what makes us think they will appropriately use all this new IT? Most of the benefits of the technology (record portability, a reduction in costly and dangerous clinical errors) would likely accrue to patients, not providers. In a consumer-facing industry, this alone would drive companies to make the investments to stay competitive. But of course, we patients aren't the real customers; government funding of electronic records wouldn't change that.

I hope that whatever reform is finally enacted this fall works—preventing people from slipping through the cracks, raising the quality standard of the health-care industry, and delivering all this at acceptable cost. But looking at the big picture, I fear it won't. So I think we should at least begin to debate and think about larger reforms, and a different direction—if not for this round of reform, then for the next one. Politics is, of course, the art of the possible. If our health-care crisis does not abate, the possibilities for reform may expand beyond their current, tight limits.

A WAY FORWARD

The most important single step we can take toward truly reforming our system is to move away from comprehensive health insurance as the single model for financing care. And a guiding principle of any reform should be to put the consumer, not the insurer or the government, at the center of the system. I believe if the government took on the goal of better supporting consumers—by bringing greater transparency and competition to the health-care industry, and by directly subsidizing those who can't afford care—we'd find that consumers could buy much more of their care directly than we might initially think, and that over time we'd see better care and better service, at lower cost, as a result.

A more consumer-centered health-care system would not rely on a single form of financing for health-care purchases; it would make use of different sorts of financing for different elements of care—with routine

OF YIELD AND ABANDON

A muscular, thick-pelted woodchuck,
created in yield, in abandon, lifts onto his haunches.
Behind him, abundance of ferns, a rock wall's
coldness, never in sun, a few noisy grackles.
Our eyes find shining beautiful
because it reminds us of water. To say this
does not make fewer the rooms of the house
or lessen its zinc-ceilinged hallways.
There is something that waits inside us,
a nearness that fissures, that fishes. Leaf shine
and stone shine edging the tail of the woodchuck silver,
splashing the legs of chickens and clouds.
In Russian, the translator told me,
there is no word for "thirsty"—a sentence,
as always, impossible to translate.
But what is the point of preserving the bell
if to do so it must be filled with concrete or wax?
A body prepared for travel but not for singing.

—Jane Hirshfield

Jane Hirshfield is the author of six books of poems, including After (2006) and Given Sugar, Given Salt (2001). She lives in Mill Valley, California.

care funded largely out of our incomes; major, predictable expenses (including much end-of-life care) funded by savings and credit; and massive, unpredictable expenses funded by insurance.

For years, a number of reformers have advocated a more “consumer-driven” care system—a term coined by the Harvard Business School professor Regina Herzlinger, who has written extensively on the subject. Many different steps could move us toward such a system. Here’s one approach that—although it may sound radical—makes sense to me.

First, we should replace our current web of employer- and government-based insurance with a single program of catastrophic insurance open to all Americans—indeed, all Americans should be required to buy it—with fixed premiums based solely on age. This program would be best run as a single national pool, without underwriting for specific risk factors, and would ultimately replace Medicare, Medicaid, and private insurance. All Americans would be insured against catastrophic illness, throughout their lives.

Proposals for true catastrophic insurance usually founder on the definition of *catastrophe*. So much of the amount we now spend is dedicated to problems that are considered catastrophic, the argument goes, that a separate catastrophic system is pointless. A typical catastrophic insurance policy today might cover any expenses above, say, \$2,000. That threshold is far too low; ultimately, a threshold of \$50,000 or more would be better. (Chronic conditions with expected annual costs above some lower threshold would also be covered.) We might consider other mechanisms to keep total costs down: the plan could be required to pay out no more in any year than its available premiums, for instance, with premium increases limited to the general rate of inflation. But the real key would be to restrict the coverage to true catastrophes—if this approach is to work, only a minority of us should ever be beneficiaries.

How would we pay for most of our health care? The same way we pay for everything else—out of our income and savings. Medicare itself is, in a sense, a form of forced savings, as is commercial insurance. In place of these programs and the premiums we now contribute to them, and along with catastrophic insurance, the government should create a new form of health savings account—a vehicle that has existed, though in imperfect form, since 2003. Every American should be required to maintain an HSA, and contribute a minimum percentage of post-tax income, subject to a floor and a cap in total dollar contributions. The income percentage required should rise over a working life, as wages and wealth typically do.

All noncatastrophic care should eventually be funded out of HSAs. But account-holders should be allowed to withdraw money for any purpose, without penalty, once the funds exceed a ceiling established for each age, and at death any remaining money should be disbursed through inheritance. Our current methods of health-care funding create a “use it or lose it” imperative. This new approach would ensure that

families put aside funds for future expenses, but would not force them to spend the funds only on health care.

What about care that falls through the cracks—major expenses (an appendectomy, sports injury, or birth) that might exceed the current balance of someone’s HSA but are not catastrophic? These should be funded the same way we pay for most expensive purchases that confer long-term benefits: with credit. Americans should be able to borrow against their future contributions to their HSA to cover major health needs; the government could lend directly, or provide guidelines for private lending. Catastrophic coverage should

apply with no deductible for young people, but as people age and save, they should pay a steadily increasing deductible from their HSA, unless the HSA has been exhausted. As a result, much end-of-life care would be paid through savings.

Anyone with whom I discuss this approach has the same question: How am I supposed to be able to afford health care in this system? Well, what if I gave you \$1.77 million? Recall, that’s how much an insured 22-year-old at my company could expect to pay—and to have paid on his and his family’s behalf—over his lifetime, assuming health-care costs are tamed. Sure, most of that money doesn’t pass through your hands now. It’s hidden in company payments for premiums, or in Medicare taxes and premiums. But think

about it: If you had access to those funds over your lifetime, wouldn’t you be able to afford your own care? And wouldn’t you consume health care differently if you and your family didn’t have to spend that money *only* on care?

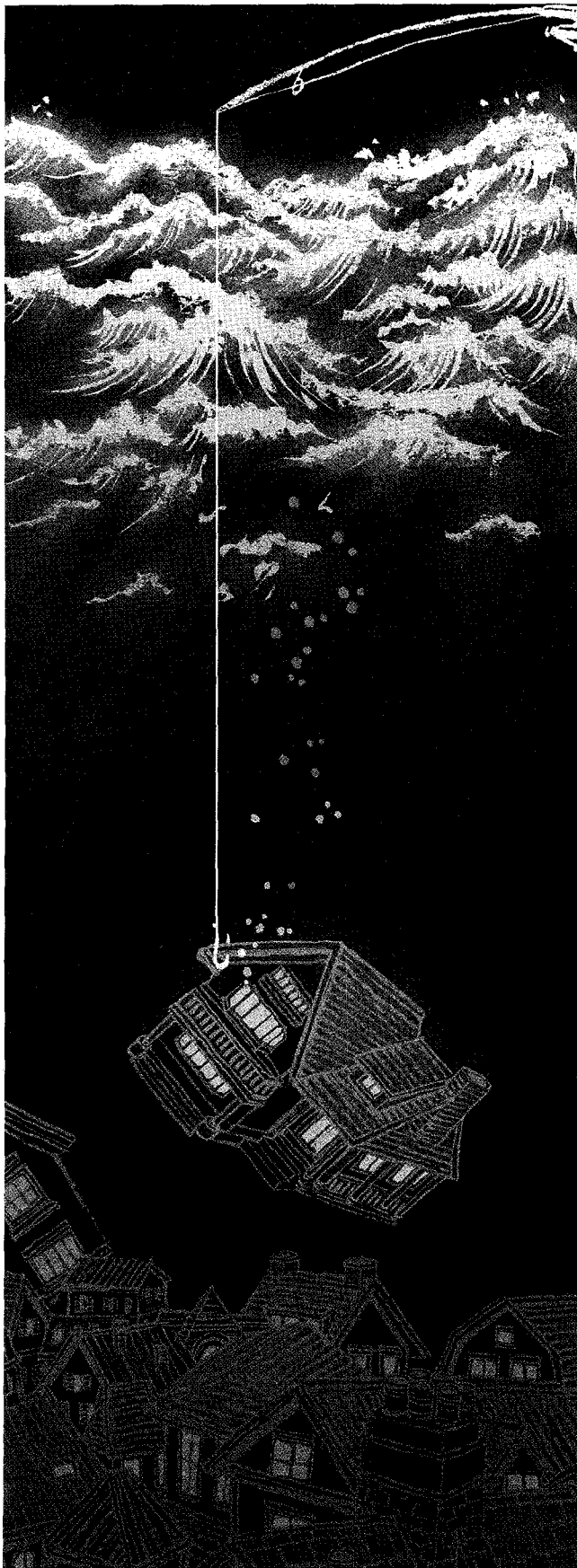
For lower-income Americans who can’t fund all of their catastrophic premiums or minimum HSA contributions, the government should fill the gap—in some cases, providing *all* the funding. You don’t think we spend an absurd amount of money on health care? If we abolished Medicaid, we could spend the same money to make a roughly \$3,000 HSA contribution and a \$2,000 catastrophic-premium payment for 60 million Americans every year. That’s a \$12,000 annual HSA plus catastrophic coverage for a low-income family of four. Do we really believe most of them wouldn’t be better off?

Some experts worry that requiring people to pay directly for routine care would cause some to put off regular check-ups. So here’s a solution: the government could provide vouchers to all Americans for a free checkup every two years. If everyone participated, the annual cost would be about \$30 billion—a small fraction of the government’s current spending on care.

Today, insurance covers almost all health-care expenditures. The few consumers who pay from their pockets are simply an afterthought for most providers. Imagine how things might change if more people were buying their health care the way they buy anything else. I’m certain that all the obfuscation over prices would vanish pretty quickly, and that we’d see an end to unreadable bills. And that physicians, who spend an enormous amount of time on insurance-related paperwork, would have more time for patients.

Politics is, of course, the art of the possible. If our health-care crisis does not abate, the possibilities for reform may expand beyond their current, tight limits.

GALLERY Underwater by Yuko Shimizu



In fact, as a result of our fraying insurance system, you can already see some nascent features of a consumer-centered system. Since 2006, Wal-Mart has offered \$4 prescriptions for a month's supply of common generic medications. It has also been slowly rolling out retail clinics for routine care such as physicals, blood work, and treatment for common ailments like strep throat. Prices for each service are easily obtained; most are in the neighborhood of \$50 to \$80. Likewise, "concierge care," or the "boutique" style of medical practice—in which physicians provide unlimited services and fast appointments in return for a fixed monthly or annual fee—is beginning to spread from the rich to the middle class. Qliance Medical Group, for instance, now operates clinics serving some 3,000 patients in the Seattle and Tacoma, Washington, areas, charging \$49 to \$79 a month for unlimited primary care, defined expansively.

It's worth pausing over this last example. Many experts believe that the U.S. would get better health outcomes at lower cost if payment to providers were structured around the management of health or whole episodes of care, instead of through piecemeal fees. Medicare and private insurers have, to various degrees, moved toward (or at least experimented with) these sorts of payments, and are continuing to do so—but slowly, haltingly, and in the face of much obstruction by providers. But aren't we likely to see just these sorts of payment mechanisms develop organically in a consumer-centered health-care system? For simplicity and predictability, many people will prefer to pay a fixed monthly or annual fee for primary or chronic care, and providers will move to serve that demand.

Likewise, what patient, when considering getting an artificial hip, would want to deal with a confusion of multiple bills from physicians, facilities, and physical therapists? Aren't providers likely to organize themselves to provide a single price to the consumer for care and rehabilitation? And won't that, in itself, put pressure on providers to work together as efficiently as possible, and to minimize the medical errors that would eat into their joint fee? I suspect we would see a rapid decline in the predominance of the fee-for-service model, making way for real innovation and choice in service plans and funding. And the payment system would not be set by fiat; it would remain responsive to treatment breakthroughs and changes in consumer demand.

Many consumers would be able to make many decisions, unaided, in such a system. But we'd also probably see the rise of health-care agents—paid by, and responsible to, the consumer—to help choose providers and to act as advocates during long and complex care episodes.

How else might the system change? Technological innovation—which is now almost completely insensitive to costs, and which often takes the form of slightly improved treatments for much higher prices—would begin to concern itself with value, not just quality. Many innovations might drive prices down, not up. Convenient, lower-cost specialty centers might proliferate. The need for unpaid indigent care would go away—everyone, recall, would have both catastrophic insurance and an HSA, funded entirely by the government when necessary—and with it much of the rationale for protecting hospitals against competition.

Of course, none of this would happen overnight. And the government has an essential role to play in arming consumers with good information. Congress should require maximum transparency on services, prices, and results (and some elements of the Obama administration's reform plan would move the industry in this direction). We should establish a more comprehensive system of quality inspection of all providers, and publish all the findings. Safety and efficacy must remain the cornerstone of government licensing, but regulatory bias should favor competition and prevent incumbents from using red tape to forestall competition.

Moving from the system we've got now to the one I've outlined would be complicated, and would take a long time. Most of us have been paying into an insurance system for years, expecting that our future health-care bills would be paid; we haven't been saving separately for these expenses. It would take a full generation to completely migrate from relying on Medicare to saving for late-life care; from Medicaid for the disadvantaged to catastrophic insurance and subsidized savings accounts. Such a transition would require the slow reduction of Medicare taxes, premiums, and benefit levels for those not yet eligible, and a corresponding slow ramp-up in HSAs. And the national catastrophic plan would need to start with much broader coverage and higher premiums than the ultimate goal, in order to fund the care needed today by our aging population. Nonetheless, the benefits of a consumer-centered approach—lower costs for better service—should have early and large dividends for all of us throughout the period of transition. The earlier we start, the less a transition will ultimately cost.

Many experts oppose the whole concept of a greater role for consumers in our health-care system. They worry that patients lack the necessary knowledge to be good consumers, that unscrupulous providers will take advantage of them, that they will overspend on low-benefit treatments and under-spend on high-benefit preventive care, and that such waste will leave some patients unable to afford highly beneficial care.

They are right, of course. Whatever replaces our current system will be flawed; that's the nature of health care and, indeed, of all human institutions. Our current system features all of these problems already—as does the one the Obama reforms would create. Because health care is so complex and because each individual has a unique health profile, no system can be perfect.

I believe my proposed approach passes two meaningful tests. It will do a better job than our current system of controlling prices, allocating resources, expanding access, and safeguarding quality. And it will do a better job than a more government-driven approach of harnessing medicine's dynamism to develop and spread the new knowledge, technologies, and techniques that improve the quality of life. We won't be perfect consumers, but we're more likely than large bureaucracies to encourage better medicine over time.

All of the health-care interest groups—hospitals, insurance companies, professional groups, pharmaceuticals,

device manufacturers, even advocates for the poor—have a major stake in the current system. Overturning it would favor only the 300 million of us who use the system and—whether we realize it or not—pay for it. Until we start asking the type of questions my father's death inspired me to ask, until we demand the same price and quality accountability in health care that we demand in everything else, each new health-care reform will cost us more and serve us less.

\$636,687.75

Ten days after my father's death, the hospital sent my mother a copy of the bill for his five-week stay: \$636,687.75. He was charged \$11,590 per night for his ICU room; \$7,407 per night for a semiprivate room before he was moved to the ICU; \$145,432 for drugs; \$41,696 for respiratory services. Even the most casual effort to compare these prices to marginal costs or to the costs of off-the-shelf components demonstrates the absurdity of these numbers, but why should my mother care? Her share of the bill was only \$992; the balance, undoubtedly at some huge discount, was paid by Medicare.

Wasn't this an extraordinary benefit, a windfall return on American citizenship? Or at least some small relief for a distraught widow?

Not really. You can feel grateful for the protection currently offered by Medicare (or by private insurance) only if you don't realize how much you truly spend to fund this system over your lifetime, and if you believe you're getting good care in return.

Would our health-care system be so outrageously expensive if each American family directly spent even half of that \$1.77 million

that it will contribute to health insurance and Medicare over a lifetime, instead of entrusting care to massive government and private intermediaries? Like its predecessors, the Obama administration treats additional government funding as a solution to unaffordable health care, rather than its cause. The current reform will likely expand our government's already massive role in health-care decision-making—all just to continue the illusion that someone else is paying for our care.

But let's forget about money for a moment. Aren't we also likely to get worse care in any system where providers are more accountable to insurance companies and government agencies than to us?

Before we further remove ourselves as direct consumers of health care—with all of our beneficial influence on quality, service, and price—let me ask you to consider one more question. Imagine my father's hospital had to present the bill for his "care" not to a government bureaucracy, but to my grieving mother. Do you really believe that the hospital—forced to face the victim of its poor-quality service, forced to collect the bill from the real customer—wouldn't have figured out how to make its doctors wash their hands? ■

David Goldhill is a media and technology executive.

AFTER 26 YEARS and 70,000 casualties, Sri Lanka's civil war has ended—for now. The key to easing the fears of the country's historically beleaguered Buddhist majority while protecting its Hindu minority? Rediscovering the blend of faiths that laid the foundation for the ancient kingdom of Kandy.

BUDDHA'S SAVAGE PEACE

By Robert D. Kaplan

I HAD ALWAYS WANTED to go to Kandy, for no other reason than that I was in love with the name: so airy, fanciful, and obviously suggestive of sweet things. I first found Kandy on a map of what was then called Ceylon, decades ago as a young man. Little did I know that it would one day have urgent revelations for me, more dark and poignant than sweet.

My journey began at Colombo's crumbling train station, with its white facade like a cake about to melt. The first-class ticket cost a little more than \$3 for the three-hour journey from Sri Lanka's steamy Indian Ocean capital, through deep forest, to an altitude of 1,650 feet. The rusted railway car rattled and groaned its way uphill. Soon banana leaves were

slapping against the train as we entered a relentless tangle of greenery.

The forest thickened with the crazy chaos of dark hardwood foliage. Vines choked every tree. The torrential rain of the southwest monsoon invigorated the pageant, shrieking and beating against the leaves as sheets of mist moved across the jungle. Then came swollen brown rivers, with water buffalo half sunk in mud near the pottery-red banks. Here and there the forest would break to reveal a shiny, rectilinear carpet of paddy fields, only to close in again, denser than before. I saw scrap-iron hutments and tiled rooftops the color of autumn leaves, and smoky blue hillsides creased by waterfalls and half-eaten by gray monsoon clouds. Other breaks in the forest revealed the occasional bell-shaped Buddhist *dagoba*,

DAVID H. WELLS/AURORA PHOTOS



or stupa, with its soaring-to-heaven whiteness against the otherwise fungal-green tableau. As we drew near to Kandy, we passed through several narrow tunnels. In the pitch black, the creak of the train reverberated against the rock walls.

Kandy in early evening was a study in rust and mildew, with a crawling-uphill line of food stalls and other storefronts, so tattered and musty they seemed about to disintegrate. Yet that was only a first impression. Later ones would reveal how I had misjudged the scene. The storefronts—eateries, jewelers, mini-supermarkets, five-and-dime shops—were merely in need of new windows and paint jobs; they were in fact doing a brisk business. The streets were clean, the overhead fans worked in every shop I entered, and few beggars were visible. The middle class was evidently thriving, as demonstrated by the number of lavish, assembly-line weddings at my hotel during these auspicious days at the beginning of the monsoon.

A motorized rickshaw brought me to the Hotel Suisse, a seedy, dark-wooded British-colonial pile built in the mid-19th century. It had a well-stocked bar with boxy sofas and a billiard room, and was half empty: a cliché, in other words. My room cost \$50. It lay off a portico overlooking a garden and Kandy Lake, which at dusk was tinted a mystical gray and dotted with lizards that crawled out onto the rocks. A thing of rare beauty, the lake was created by the last king of Kandy, Sri Wickrama Rajasinha, at great cost. After a stretch in Colombo's punishing heat, I sat on the portico, yes, with a gin-and-tonic, and enjoyed the energizing coolness of a higher altitude, watching and listening to the rain on the lake.

KANDY DEFINES QUAINNESS, to such an extent that you begin to see the town in the black-and-white of a photo negative. But Kandy is also gaudy and magical. Within this forest town are Sri Lanka's principal Buddhist shrines, swimming in gold and Technicolor. Across the lake from the Hotel Suisse is the Temple of the Sacred Tooth Relic, or Sri Dalada Maligawa, a shrine complex that was built in the 17th and 18th centuries by Kandy's Sinhalese Buddhist kings and holds a tooth of the Buddha—Prince Siddhartha Gautama—said to have been taken from his funeral pyre in 543 B.C.

The Temple of the Tooth is a site of mass pilgrimage, where the tourist instinctively knows to dress modestly, remove shoes, stay quiet, and lurk in the background. Within the mottled stone walls of the complex is an immense layout of gardens lined with striped Buddhist flags: the blue stripe signifying loving-kindness, the yellow the middle path away from extremes, red the blessings of practice, orange the Buddha's teachings, and white the purity of the dharma, or universal truth, leading to liberation. Hundreds of Sinhalese sit in a two-story room in meditative positions, softly chanting and offering up mountains of pink lotuses, purple waterlilies, and white jasmines in front of the gilded casket that holds the tooth. Babies are everywhere, remarkably silent, held tightly against the chests of women in long cotton wraparounds. Leaf monkeys watch the whole scene from the massive, fanlike roofs.

From this and the other temples and monasteries around Kandy radiates the overwhelming and studied richness of

the two chief colors of Buddhism: a rich, maroon-like red and a dazzling gold, painted on stone statues and sumptuously draping the giant sitting Buddha in each temple. The murals in these temples are faded and blackened with age. Only in the Eastern Orthodox churches in the Balkans have I come across a clutter of magnificence to match what I have seen in the Buddhist sanctuaries of Sri Lanka. Even as you experience this whole sensual feast, your bare feet press against cold and wet stone, since the rains are constant during the southwest monsoon.

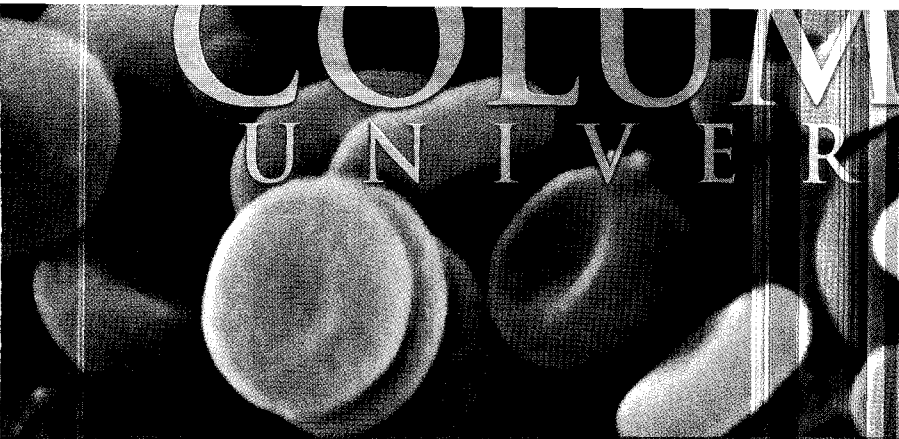
Here, you are alone with your thoughts. Sri Lanka is in general a less panicky, less frantic, less intrusive version of India. Only rarely are you hassled. And Kandy, up in the hills, away from the crowded coastal highway, is a concentrated version of the country's charms.

Alas, when you fall in love with a place, you encounter its history, which is often tragic. In fact, Kandy has remained seedily quaint, its monuments and ambience unravaged by mass tourism, only because Sri Lanka has experienced more than a quarter century of civil war between ethnic Sinhalese Buddhists and Hindu Tamils. And the origins and conduct of that savage conflict have drawn, in many ways, from the same emotional wellsprings as the tradition of worship at Kandy's tranquil Buddhist shrines.

Buddhism holds an exalted place in the half-informed Western mind. Whereas Christianity, Islam, Judaism, and Hinduism are each associated, in addition to their thought, with a rich material culture and a defended territory, Buddhism, despite its great monuments and architectural tradition throughout the Far East, is somehow considered purer, more abstract, and almost dematerialized: the most peaceful, austere, and uncorrupted of faiths, even as it appeals to the deeply aesthetic among us. Hollywood stars seeking to find themselves—famously Richard Gere—become Buddhists, not, say, orthodox Jews.

Yet Buddhism, as Kandy demonstrates, is deeply materialistic and demands worship of solid objects, in a secure and sacred landscape that has required the protection of a military. There have been Buddhist military kingdoms—notably Kandy's—just as there have been Christian and Islamic kingdoms of the sword. Buddhism can be, under the right circumstances, a blood-and-soil faith.

Kandy may be the Buddhist world's best example of this. From the late 16th to the early 19th centuries, the kingdom of Kandy sturdily held out against European invaders: the Portuguese, the Dutch, and the British in their turn. "Like many other armies in peasant and tribal societies," writes Channa Wickremesekera in *Kandy at War: Indigenous Military Resistance to European Expansion in Sri Lanka 1594 to 1818* (2004), "the Kandyan army fought in loosely organized and highly mobile units depending on a flimsy logistical base," making optimum use of its rugged, jungly terrain. It was very much like a 21st-century guerrilla insurgency, in other words—inspired, in this case, by the need to defend faith and homeland against heathen Europeans. The dense forest through which I had passed on my train ride constituted the graveyard of European attempts to reach Kandy, with many a Portuguese, Hollander, and Briton dying or giving up, exhausted and demoralized, afflicted by disease amid



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the cruel jungle so well described by Leonard Woolf in his 1913 novel, *The Village in the Jungle*:

For the rule of the jungle is first fear, and then hunger and thirst. There is fear everywhere: in the silence and in the shrill calls and the wild cries, in the stir of the leaves and the grating of branches, in the gloom, in the startled, slinking, peering beasts.

Eventually, the improved muskets and light artillery developed in Europe proved too much for the Kandyans. The British, explains Wickremesekera, unlike the Portuguese and Dutch, had the added advantages of "mastery over the neighboring Indian subcontinent and an army of over 100,000 soldiers when they clashed with Kandy." They toppled King Wickrama of Kandy in 1815. He may have dug the lake, but he had been a tyrant and torturer. At least that was how the British rationalized their actions.

Thus the redoubtable kingdom of Kandy, for centuries such a rebuke to European attempts at conquest in Asia, became a trope in the warrior imagination of the Buddhist Sinhalese. To be sure, the quest to recover Kandy's lost honor and glory played a role in the bloody and morally unclear victory that the Buddhist Sinhalese won over an ethnic Tamil insurgency in May, after 26 years of fighting. More broadly, the history of Kandy—a cultural and artistic repository of 2,300 years of Buddhist worship that the Europeans rarely left in peace—has imbued Sinhalese with the sense of being repeatedly under siege.

Regional demography hasn't helped. Indeed, the majority-Buddhist Sinhalese, who constitute three-quarters of Sri Lanka's population of 20 million, have lived in fear of being overwhelmed by the Hindu Tamils, who, although they are only 18 percent of the population, can theoretically call upon their 60 million ethnic and religious compatriots living just across the Palk Strait in southeastern India. The history of Tamil invasions against the only homeland that the Buddhist Sinhalese possess is not just the stuff of ancient history, but a living reality underpinned by latter-day Tamil terrorism. Writes the Sri Lankan scholar K. M. de Silva:

Sri Lanka's location off the coast of South India, and especially its close proximity to [the Indian state of] Tamilnadu, separated by a shallow and narrow stretch of sea serves to accentuate this sense of a minority status among the Sinhalese. Their own sense of ethnic distinctiveness is identified through religion—Theravada Buddhism—and language—Sinhala. They take pride in the fact that Buddhism thrives in Sri Lanka while it has practically disappeared in its original home, India. Their language, Sinhala, has its roots in classical Indian languages, but it is now a distinctly Sri Lankan language, and one that is not spoken anywhere else.

The Sinhalese, argues de Silva, see their historical destiny in preserving Theravada Buddhism from a Hindu revivalist assault, with southern India the source of these invasions. As they see it, they are a lonely people, with few ethnic

compatriots anywhere, who have been pushed to their final sanctuary, the southern two-thirds of Sri Lanka, by the demographic immensity of majority-Hindu India. The history of the repeated European attacks on their sacred city, Kandy, the last independent bastion of the Sinhalese in that southern two-thirds of the island, has only accentuated the sense of loneliness.

The Sinhalese must, therefore, fight for every kilometer of their ethnic homeland, Bradman Weerakoon, an adviser to former Sri Lankan presidents and prime ministers, told me. As a result, like the Serbs in the former Yugoslavia, the Jews in Israel, and the Shiites in Iran, the Sinhalese are a demographic majority with a dangerous minority complex of persecution.

The Hindu Tamils, for their part, have been labeled a minority with a majority complex, owing to the triumph of Hinduism over Buddhism in southern India in the fifth and sixth centuries A.D., and the subsequent invasions from India's south against the rich and thriving Buddhist city-state of Anuradhapura in north-central Sri Lanka. These invasions resulted in the creation, by the 14th century,

of a Tamil kingdom that, in turn, helped lay the groundwork for Tamil majorities in the north and east of the island.

Sri Lanka's post-independence experience, including its civil war between Sinhalese and Tamils, has borne out the worst fears of both communities. The Sinhalese have had to deal with a guerrilla insurgency every bit as vicious and suicidal as the better-known ones in Iraq and Afghanistan. The Tamils, for their part, have had to deal with coercion, discrimination, and the utter failure of Sinhalese government institutions to protect their communal rights. There is nothing crueller than a majority that feels itself a minority.

IN 1976, a certain Velupillai Prabhakaran founded the Tamil New Tigers, who would later become known to journalists around the world as the Liberation Tigers of Tamil Eelam, or LTTE: "Tamil Tigers" for short. Prabhakaran would develop into one of the world's most hunted terrorists, as well as one of its most feared and capable guerrilla leaders. The young Prabhakaran had killed animals with a slingshot and air gun, and practiced building homemade bombs. He stuck pins under his nails to build up his tolerance for pain, and killed insects with needles to prepare himself to torture the enemy.

Prabhakaran turned the Tamil Tigers into a quasi-cult terrorist group that venerated him as a demigod. To comprehend the Tamil Tigers, wrote the late American scholar Michael Radu, "imagine Jim Jones' Temple cult of Guyana in possession of a 'navy' and 'air force,' as well as (at its height) some 20,000 fanatical and armed zombie followers." Indeed, Prabhakaran's Tamil Tigers constituted the world's first guerrilla insurgency with its own air force (Czech-made Zlin Z 143s) and navy (explosive-packed fishing trawlers and a small submarine force). He imposed a blood tax on the population under his control in the north and east, requiring each family to provide a son to the Tigers. One wing of the

Sri Lanka's recent history reinforces the idea that there is nothing crueller than a majority that feels itself a minority.

organization—the Black Tigers—was dedicated to murder and assassination. Until the early 1990s, the Tigers held a record for suicide bombings, a tactic that they had largely pioneered. The Tigers used many tens of thousands of civilians as human shields and children as porters during combat. The very history of the Hindu Tamil Tigers shows that perverse violence, the embedding of warriors amid large numbers of civilians, and the rampant use of suicide bombing are not crimes specific to Muslims.

To defeat such a group, the Buddhist Sinhalese relied on a powerful sense of communal religious identity. This identity has been embodied, in particular, by the current Sri Lankan government of Mahinda Rajapaksa and two of his brothers: the defense secretary, Gotabhaya Rajapaksa; and the president's most trusted adviser, Basil Rajapaksa. Together, the three brothers have marked a decisive break from previous Sri Lankan governments. Whereas the governments of the Senanayake and Bandaranaike family dynasties hailed from the relatively moderate Colombo-centric elite, the Rajapaksas are more representative of the somewhat xenophobic, semi-literate, and collectivist rural part of the Sinhalese Buddhist population. The Rajapaksas, with the full backing of the Buddhist clergy, have reconstituted something out of the Sinhalese past: an ethnically rooted dynasty, like the Buddhist kingdoms of Kandy of old, dedicated to ethno-national survival, unaccountable to the cabinet and parliament.

Mahinda Rajapaksa was elected in 2005 to win the war outright, and he succeeded in the most brutal fashion: by abducting or killing journalists and lawyers to silence the media, even as he conducted a counterinsurgency campaign that had no moral qualms about the deaths of the thousands of Tamil civilians that the Tamil Tigers were using as human shields. Of the 70,000 people killed in the war since 1983, 10 percent, mainly civilians, were killed in the last few months of fighting in 2009.

I was in Sri Lanka on May 18, 2009, the day the war was declared over, and the body of Prabhakaran, killed in last-ditch fighting, was displayed on television, as government forces mopped up the final few hundred yards of Tamil Tiger territory. The next morning, May 19, I drove through the southern coastal heartland of the Buddhist Sinhalese. Everywhere there were parades and flag-bedecked, horn-honking rickshaw convoys, with young men, many of them unemployed, shouting and setting off masses of firecrackers. An effigy of Prabhakaran's body was dragged and burned. I sensed a scary and wanton boredom in these young men, as if the same crowds, under different circumstances, could be setting fire to Tamil homes, as had been done in earlier decades. I noticed that the closer I got to the ethnically mixed population center of Colombo, the fewer such demonstrations I saw.

President Rajapaksa came to Kandy a few days later, on May 23, to receive the blessings of the chief Buddhist monks at the Temple of the Tooth for winning the war. He expressed no apologies or remorse for the victims of the war, and he promised the monks, "Our motherland will never be divided [again]." He told them that there were only two types of Sri Lankans, those who love the motherland and those who don't. Because he conceives of the motherland as primarily Buddhist, his words carried too little magnanimity.

The monks had acquiesced in this descent into communal intolerance. They have long enjoyed the uses of political power and hark back to a past when they were the rousing nationalist force behind Ceylonese kings. Now they could close a long historical chapter that began at the Temple of the Tooth in March 1815, when the Kandyan Convention was signed, ceding all of Ceylon to the British after the defeat of the last Kandyan king, Wickrama. British rule in Ceylon, lasting until independence in 1948, was followed by decades of communal unrest culminating in the civil war. At last, these monks could look forward to a Buddhist-run state that would have full sovereignty over the island.

BUT EVEN IF the artistic grandeur of Kandy has helped form the emotional source of Buddhist nationalism, which has proved itself as bloody as other religious nationalisms, Kandy's religious monuments also offer a much deeper lesson: the affinity—rather than the hostility—between Buddhism and Hinduism. Buddhism arrived in Sri Lanka from India as part of the missionary activity of the great Mauryan emperor Ashoka in the third century B.C. And later eras of Indian history would witness an amalgamation of Buddhist teachings into Hinduism. A few miles from Kandy, deep in the forest amid glistening fields of tea, I saw statues of the Buddha and of Hindu gods under the same roofs, together in their dusky magnificence: in dark stone vestibules at the 14th-century temples of Gadalaeniya, Lankatilake, and Embekke. At the temple of Embekke, I lifted aside a veiling Hindu tapestry to behold the Buddha. At Lankatilake, I saw the Buddha surrounded on all four sides by *devales* (shrines) devoted to the deities Upulvan, Saman, Vibhisana, and Skanda—of mixed Hindu, Buddhist, and Persian origin. At the Buddhist shrine of Gadalaeniya, I saw stone carvings based on the style of the Hindu empire of Vijayanagar in Andhra Pradesh, in southern India. Each of these temples "reflects the fusion of Buddhism and Hinduism," writes SinhaRaja Tammita-Delgoda in *Eloquence in Stone: The Lithic Saga of Sri Lanka* (2008).

In fact, Wickrama, the Buddhist king who was deposed by the British, became the last in a dynasty, the Nayakkars, that was South Indian and Hindu in origin; even as its members patronized Theravada Buddhism, they sought Hindu brides for their male Buddhist heirs. The British, by ending this dynasty and thus breaking the link between Buddhism and Hinduism, helped set the stage for the polarization of politics in the postcolonial era. The truth was that Theravada Buddhism, so concentrated on ethics and the release from worldly existence, was too austere for the Kandyan peasantry, who were drawn to the color and magic of the Hindu pantheon. Kandy and its forests are a monument not only to Buddhism, but to Hinduism as well. The historical and aesthetic legacy of Sri Lanka that long predates modern statehood is, in the final analysis, deeply syncretic. Only when Sri Lanka's political leadership recognizes that legacy will communal peace be at hand—and with it the arrival of globalization and chain hotels, and the end of Kandy's quaintness. ■

Robert D. Kaplan is a national correspondent for *The Atlantic* and a senior fellow at the Center for a New American Security, in Washington, D.C.

LAST SEPTEMBER, AS WALL STREET TURNED TO RUBBLE and panic threatened to come unleashed, Ken Lewis, the CEO of Bank of America, agreed to swallow Merrill Lynch, one of the country's most toxic investment houses. The deal was not altogether voluntary; as details have slowly emerged, the coercive role of the Fed and Treasury has loomed larger. What exactly happened in the weeks leading up to the merger? Did the deal save us all from economic apocalypse? And what does the government's unprecedented role in it portend for the future of our economy?

AN OFFER HE COULDN'T REFUSE

By William D. Cohan

IT'S BEEN ALMOST a year since Bank of America agreed to buy Merrill Lynch, on September 15, for \$50 billion in stock, in what now looks like one of the most fraught deals in the history of American business. The deal was announced on the same day that Lehman Brothers filed for bankruptcy protection and the day before Treasury and the Federal Reserve decided to throw an \$85 billion lifeline to AIG, the global insurer that had foolishly underwritten the risks of the financial system. Although the end of Wall Street was imminent, Bank of America's offer valued Merrill Lynch at \$29 per share—a 70 percent premium over the stock's closing price on the previous Friday, and nearly twice its book value.

Bank of America's generosity allowed Merrill to dodge a bullet, as it was just days away from following Lehman into

bankruptcy court. Merrill's CEO, John Thain, had spent much of the previous weekend at the New York Federal Reserve Bank's Italianate palazzo in downtown Manhattan, in strained discussions about the financial industry's mounting distress, and he knew his firm's future was imperiled. Like Lehman and Bear Stearns, which had failed six months earlier, Merrill had a balance sheet chock-full of problem assets that it had been using as collateral in the overnight-financing markets.

Thain knew the willingness of short-term lenders to keep funding Merrill would disappear rapidly if his firm lost the market's confidence, as both Lehman and Bear Stearns had. Without short-term financing, Merrill would not be able to meet its obligations as they became due and the firm would fail. "I anticipated that the failure of Lehman would have caused very severe problems for Merrill Lynch," Thain said afterward, "and the potential withdrawal of cash" would

STEVE BRODNER



cause a severe liquidity crunch for the firm, with no easy solution.

By Sunday night of that infamous September weekend, Thain and Ken Lewis, the CEO of Bank of America, had cut their deal. "Acquiring one of the premier wealth-management, capital-markets, and advisory companies is a great opportunity for our shareholders," Lewis said the next morning. "Together, our companies are more valuable because of the synergies in our businesses ... I look forward to a great partnership with Merrill Lynch." Added Thain: "Merrill Lynch is a great global franchise, and I look forward to working with Ken Lewis and our senior management teams to create what will be the leading financial institution in the world, with the combination of these two firms."

Even at the time, it looked to many like an odd union—a formerly high-flying Wall Street firm, founded in 1914, scooped up by the Wal-Mart of the banking industry, a Charlotte-based bank known for its brawn in commercial banking. Nonetheless, champagne toasts and all the usual corporate euphoria accompanied the announcement of the deal. For Bank of America, it was a move into the fast lane of high finance, and a validation of sorts: on October 19, a triumphant Lewis appeared on *60 Minutes*, and to the question of whether he had conquered Wall Street, he responded, "We have, yes, we have won in that sense." For Merrill, it was—if nothing else—a second lease on life.

Three months later—even before the deal closed—the engagement was on the rocks, the mood soured by staggering losses at Merrill, and Bank of America's executives were looking for a way to break it off. What followed was an unprecedented series of steps, taken in December by Federal Reserve Board Chairman Ben Bernanke and Treasury Secretary Henry Paulson, to keep the two companies together.

Many of the most stunning details of the hidden negotiations between Paulson, Bernanke, and Lewis would have remained secret if not for the singular persistence of Andrew Cuomo, the New York attorney general, who in February took the depositions of both Lewis and Thain as part of his investigation into why Merrill, though reeling financially, had paid some \$3.6 billion in bonuses to its employees before the deal closed. Cuomo has since released large portions of the depositions. The following account of the events that transpired during the waning days of the Bush administration comes from those transcripts, from the subsequent testimony of Lewis and Bernanke before Congress in June, and from interviews with insiders and knowledgeable observers. (Paulson, Bernanke, and Lewis all declined to be interviewed.) The narrative that emerges is troubling. It raises serious questions about the sanctity of legal contracts in post-crash America, and about the fast-evolving relationship between American government and industry.

AT THE TIME Lewis struck the deal with Thain, in September, he was plenty sanguine about Merrill's financial prospects—and boasted about them publicly. In a February 2009 interview with Maria Bartiromo, on CNBC, Lewis said he and his team had seen "everything we needed to see" about Merrill. He pointed out that he had the

benefit of the "very, very extensive" analysis done by Bank of America's financial adviser, J. Christopher Flowers—the billionaire private-equity investor and former Goldman Sachs banker—who had first studied Merrill's books in December 2007, when he was considering making an investment in the firm, and then again over the weekend the deal was struck. In a press conference on the morning of September 15, Lewis said that Flowers had told him Merrill's balance sheet was becoming much more stable. "He was very complimentary of what [Thain] and his team had done," Lewis said, "in many cases not only ... reducing the marks"—the value placed by Merrill on the securities on its balance sheet—"but getting rid of the assets, which is the best thing to do. So [Merrill had] a much lower risk profile than he'd seen earlier on."

But in fact the firm's finances were rapidly deteriorating. Lewis and his executive team began receiving weekly reports about Merrill's condition immediately after he inked the deal in September. By the end of November, Merrill's losses had ballooned to \$9 billion, and some Bank of America officials had begun to doubt seriously the wisdom of the deal. Most of the losses were coming from wrong-way bets in the firm's sales-and-trading department and from the continued write-down of squirrely securities. But even Merrill's crown jewel—its global network of stockbrokers—had suffered a severe decline in monthly revenue, from more than \$1 billion in October to \$797 million in December. Apparently, these losses were well beyond what Lewis or Flowers had thought possible.

With losses mounting, Lewis began to speak with his top managers and lawyers about the possibility of invoking the merger agreement's material adverse-change clause—or MAC, as it is known on Wall Street—if Merrill's condition continued to worsen. This legal escape hatch, built in one form or another into nearly every merger agreement, theoretically could have let Bank of America walk away at any point before the deal officially closed, on January 1, 2009. The MAC clause was nothing to trifle with; a slew of lawsuits by Merrill Lynch and its shareholders would almost certainly follow, and prevailing in court after invoking a MAC clause is exceedingly difficult. Still, if it came down to it, battling a lawsuit would be better than trying to inhabit a house aflame.

Another out was available, but it was only days from disappearing. On December 5, Bank of America's shareholders would formally vote on the deal. If they voted no, the merger would be dissolved, with no legal obligations on either side.

The termination of the merger agreement with Bank of America would likely have meant the end of Merrill, since the firm was unlikely to be able to meet its debts as they became due. And presumably the termination would have been an embarrassment for Lewis, who had long coveted Merrill, and had championed the deal. With the shareholder vote nearing, and despite Merrill's deteriorating finances, Bank of America's executives and lawyers decided to move forward, with considerable "mixed emotions," according to one of them, as reported in *The Wall Street Journal* in February: "Everyone wanted to see the deal go through."

On December 5, the shareholders of Bank of America approved the deal, as did the shareholders of Merrill Lynch. No information about Merrill's growing losses was provided

to Bank of America's shareholders before the vote, as several members of Congress noted at a June hearing to investigate the merger.

Lewis "had an easy out before the shareholder vote," a senior Wall Street mergers-and-acquisitions banker, who was also trained as a Wall Street lawyer, told me. "He could easily have disclosed to his shareholders that 'We have done two months of due diligence now, and look at the 600 things we've found.' I've always wondered how could it be that they did not disclose to the world what they knew before December 5."

Some observers say Lewis's failure to disclose to his shareholders the extent of the problems at Merrill before the shareholder vote may have constituted securities fraud: a violation of the Securities and Exchange Commission's rule 10b-5, which prohibits any act or omission resulting in fraud or deceit in connection with the purchase or sale of any security. "He committed classic securities fraud," the senior Wall Street mergers banker says flatly. "He had a material knowledge of a material event in the middle of a shareholder vote." A Bank of America spokesperson, in an e-mail response to my questions about the company's disclosures, simply said, "We believe we made the required disclosures before the December 5 shareholders meeting." At least eight shareholder lawsuits have been filed against Lewis, Bank of America, and Thain. CalPERS and CalSTRS, two California pension funds that together own 38.5 million Bank of America shares, are seeking to lead a consolidated class-action lawsuit against the bank for failing to disclose the facts about Merrill before the December 5 vote.

After the vote, Lewis was nearly euphoric. "It puts us in a completely different league," he said. Meanwhile, Bank of America's internal lawyers and its external counsel at Wachtell, Lipton, Rosen, & Katz continued to debate whether the Merrill losses would constitute a MAC or were, as some believed, comparable to what other Wall Street firms were experiencing. It was not an easy call, given the high stakes and the plenty ambiguous wording of the clause, which expressly excluded, as reasons to void the contract, changes in "general business, economic or market conditions."

Based on recent case law, most litigators had concluded that nothing short of a metaphorical nuclear war would allow the MAC's successful invocation. "In my mind, there were several minuses," Lewis said in his February deposition, recapturing his earlier thinking as the days passed and the news of Merrill's losses grew worse still. "We could have done the MAC and then have [Merrill] go bankrupt. Then you would lose your case, and you have a company that's damaged pretty badly and you have to take it anyway."

On December 9, Joe Price, Bank of America's CFO, reported Merrill's still-increasing losses to the bank's board of directors. On December 14, Price called Lewis and told him that Merrill's losses were now \$12 billion. (By the end of December, they reached \$15.3 billion.) Lewis later said that

what he mainly remembered from the conversation with Price was just the "staggering amount of deterioration" in Merrill's financial performance.

Shortly after the December 14 call from Price, Lewis began to worry that Merrill's losses had simply become too great to bear. He consulted with counsel and again considered how he might abandon the deal. Ed Herlihy, the partner at

Wachtell Lipton who had helped initiate the Merrill deal, and who had long acted as an adviser to Lewis, called Ken Wilson, a just-retired Goldman vice chairman and a friend and confidant of Hank Paulson, the Treasury secretary and former Goldman CEO. Wilson had joined the Treasury Department a few months earlier as an adviser to Paulson, and he listened in awe as Herlihy told him the magnitude of Merrill's losses, and with dread as Herlihy told him that Bank of America was thinking about walking away from the deal. "The amount of devastation to the financial system if Merrill blew up would have been unfathomable," Wilson told me in May. "It would have been Lehman squared. Just horrific." He told Herlihy that Lewis should call Paulson directly.

On the morning of December 17, Lewis called the Treasury secretary from his office in Charlotte. "I told him that we were strongly considering the MAC and thought we actually had one," Lewis recalled in his deposition.

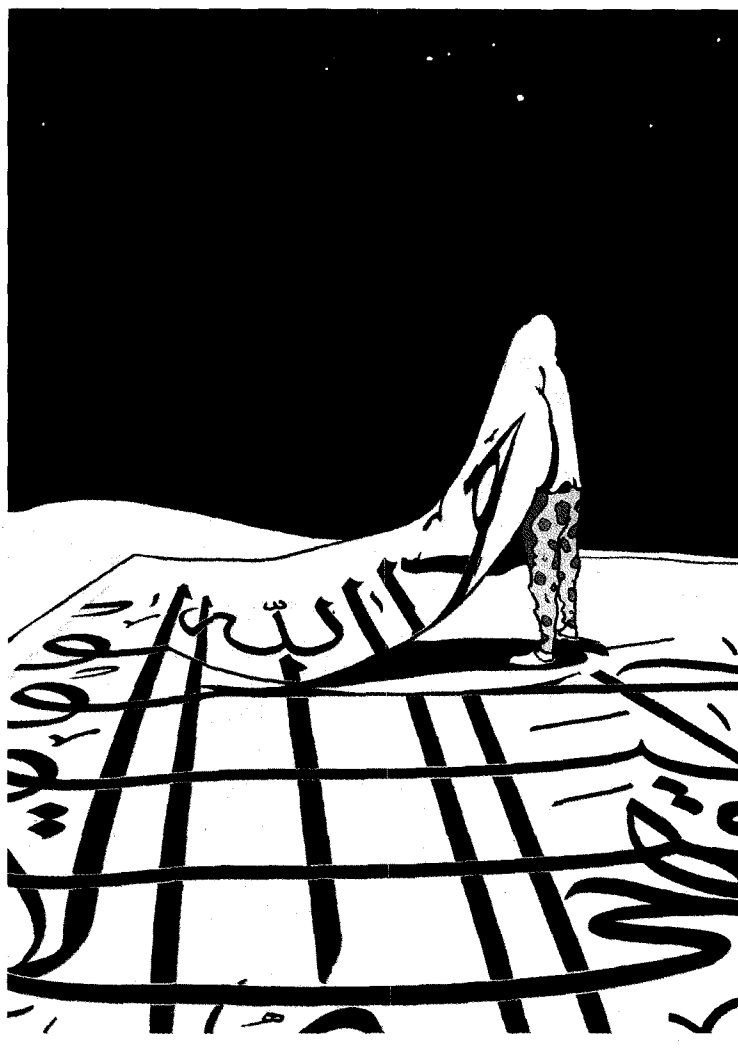
"We probably should talk," Paulson replied. "Could you be here by six o'clock?"

LEWIS SHOWED UP at the Federal Reserve in Washington at the appointed hour, along with Joe Price and Brian Moynihan, Bank of America's newly named general counsel (Moynihan would later succeed Thain atop the newly acquired Merrill Lynch). By then, Paulson had arranged for Bernanke to be there, too.

Lewis kicked off the discussion by talking about how Bank of America, in the fourth quarter of 2008, would likely suffer its first quarterly loss in 17 years—a loss entirely independent of the Merrill deal—and then Price walked Paulson, Bernanke, and their aides through the magnitude of the losses that Merrill had taken. "The main thing we were concerned about was the very large hole that would have been created" in Bank of America by Merrill's losses, Lewis said in his deposition. The Bank of America executives then broached the idea of invoking the merger agreement's MAC clause. But Paulson and Bernanke were unreceptive. They warned Lewis and Price against taking that step, and they urged caution. Lewis was told to "stand down" for the moment, he recalls, until Paulson and Bernanke had a chance to put their heads together. "And so we left," Lewis said.

By December 20, Bernanke had come to the view that "the MAC threat is irrelevant because it is not credible," according to an e-mail written that day by Jeffrey Lacker, the president of the Federal Reserve Bank of Richmond, who had just

"The amount of devastation to the financial system if Merrill blew up would have been unfathomable," Wilson told me. "It would have been Lehman squared. Just horrific."



spoken to Bernanke. "Also," he wrote, Bernanke "intends to make it even more clear that if they play that card and then need assistance, management is gone."

On Sunday, December 21, Lewis tracked down Paulson to talk more about the possibility of invoking the MAC clause. Just that morning, at 8:17, Mac Alfriend, a senior official at the Richmond Fed, had sent an e-mail to his colleagues: "Merrill is really scary and ugly." About two hours later, Bernanke had written to his Fed colleagues, saying he thought Lewis's "threat to use the MAC is a bargaining chip, and we do not see it as a very likely scenario at all." He urged them to come up with "some analysis" to convince Lewis why calling the MAC "would be a foolish move and why the regulators will not condone it."

Lewis first tried to call Paulson at Treasury, and was given his cell-phone number. He eventually reached the Treasury secretary at a ski cabin in Colorado. Paulson—known as "The Hammer" since his days on the offensive line at Dartmouth—did not mince words with Lewis. "I'm going to be very blunt," he said, according to Lewis's deposition. "We're very supportive of Bank of America and we want to be of help, but the government does not feel it's in your best interest for you

to call a MAC." According to Lewis, Paulson told him the government felt "so strongly" about this that he said, "We would remove the board and management" if Lewis tried to invoke it. At that, a shaken Lewis stood down again. He later said he knew that Paulson wasn't joking around, and "that he wouldn't say something that strong if he didn't feel like it was a systemic risk as well."

"Hank, let's de-escalate this for a while," he told Paulson. "Let me talk to our board." Paulson seemed happy with Lewis's suggestion to ratchet things back. "Good," he said. "I'll call Ben and tell him that."

The next day at 4 p.m., Lewis convened a special board meeting via conference call, to convey management's recommendation that the merger with Merrill Lynch be completed on its original terms. He reiterated Paulson's view that a failure to complete the merger would result in a "systemic risk" to the U.S. economy—and that invoking the MAC clause would cause the Fed and Treasury to remove Bank of America's management and its board of directors.

Although the government's threat was unprecedented—and would have been almost inconceivable before the collapse of Bear Stearns in March 2008—Lewis argued against challenging Paulson and Bernanke. He also chose not to inform his shareholders or the public about his conversations with Paulson and Bernanke. "We bank 99 percent of the *Fortune* 1,000, ... a third of all commercial companies, [and] every other American," he said in his deposition. "If it's bad for America, then it's bad for us." In his interview with Maria Bartiromo in February, Lewis elaborated. The decision, he said, came down to "enlightened self-interest. Because we're so inextricably tied in with the U.S. economy and have such large market shares, what's good for America is good for Bank of America."

ENLIGHTENED OR NOT, Bank of America's self-interest would only later be fully disclosed: in return for swallowing Merrill despite its worsening troubles, Paulson and Bernanke had verbally promised Lewis more money from the TARP—the \$700 billion Troubled Asset Relief Program, which had become law in October 2008—to bolster the capital of the combined firm. In addition, they promised to take billions of dollars of toxic assets off the company's balance sheet.

Although this new deal with Treasury and the Fed could not be completed by the time the merger was to close on January 1, Lewis told his board he had received an oral commitment that the capital infusion and toxic-waste removal would be in place by January 20, the day Bank of America was to release its 2008 earnings report. Lewis said Bernanke told him, "We view you as strong and having acted appropriately in difficult circumstances ... We'll make sure you continue that way ... We want to do something that when the public

hears about it [the new government financing], your stock goes up.” That must have sounded welcome to Lewis. Around the time of the conversation, Bank of America’s stock had fallen, from almost \$34 a share before Lewis had decided to buy Merrill to about \$13.50 a share.

The board urged Lewis to try to get Paulson and Bernanke to put the government’s offer of more capital into writing, and he dutifully picked up the phone and called Bernanke to ask. “Let me think about it,” Bernanke told him. In the end, Bernanke didn’t speak to Lewis about the promised new financing; Paulson did. He told Lewis he didn’t want to put anything on paper. “First, it would be so watered down,” Lewis remembered Paulson telling him, “it wouldn’t be as strong as what we were going to say to you verbally. And secondly, this would be a disclosable event, and we do not want a disclosable event.” (Some legal authorities, of course, believe the discussions and correspondence to that point should have been disclosed to shareholders, since they were material and might reasonably have been expected to affect the trading of the securities of the two firms.)

Just before 5 p.m. on December 22, Lewis sent his board an e-mail. “I just talked with Hank Paulson,” Lewis wrote. “He said that there was no way the Federal Reserve and the Treasury would send us a letter of any substance without public disclosure which, of course, we do not want.” “Thought so,” board member Thomas Ryan, the CEO of CVS Corporation, wrote back five hours later.

Still, no board revolt came to pass. The minutes of the board meeting that day reveal a splendid piece of legal ass-covering: the board states for the record that it “was not persuaded or influenced” by the government’s threats to remove it and the management, and that it would reach the decision that was in the “best interest of the Corporation and its shareholders” without regard to the “representation”—threat—by Paulson and Bernanke. That noted, and snarky e-mail aside, the directors seemed content to follow Lewis’s lead.

Lewis, of course, had a problem on his hands. Because he could not get the government’s offer in writing, by going through with the deal he would be putting his company and his shareholders at a huge financial risk if Paulson and Bernanke changed their minds. Still he went forward, with no disclosures to his shareholders. “I had verbal commitments from Ben Bernanke and Hank Paulson that they were going to see this through, to fill that hole, and have the market perceive this as a good deal,” Lewis said in his deposition in February. “I was going on the word of two very respected individuals high up in the American government.”

When asked about whether he would have disclosed the risk to which he was exposing his shareholders if it had been up to him, Lewis replied, “It wasn’t up to me.” The particulars of the deal, he noted, were not up for debate either: “It was said that, ‘We want this deal done on time and on these terms.’ There wasn’t an ability to renegotiate.” But every deal can be renegotiated, right? “Not when you’re told that you can’t,” Lewis said. Asked whether he was angry that he didn’t feel he had a choice in the matter, Lewis replied, “I think I was a little shocked. Everything got back to the fact that I was shocked at how strongly they felt about the consequences ... I think they were doing it in good faith. They thought everything

they said”—about the danger that Merrill’s failure would pose to the financial system—“was true.” Lewis conceded he could have said no and resigned, but he never considered doing that.

But there is no question that Lewis was growing increasingly worried about potential shareholder litigation. On December 22, Bernanke confided in an e-mail to his Fed colleagues that Lewis “now fears lawsuits from shareholders for NOT invoking the MAC, given the deterioration at ML.” Bernanke said he told Lewis that he didn’t “think that’s very likely,” but Lewis “asked whether he could use as a defense that the gov[ernment] ordered him to proceed for systemic reasons. I said no.”

Lewis nonetheless wanted a letter from Bernanke that could be used in Bank of America’s defense. Bernanke asked Scott Alvarez, the Fed’s general counsel, if they could give Lewis a letter saying that he had been formally advised that “a MAC is not in the best interest of his company.” On December 23, Alvarez wrote back: “I don’t think it’s necessary or appropriate ... First, we didn’t order him to go forward—we simply explained our views on what the market reaction would be and left the decision to him. Second, making hard decisions is what he gets paid for and only he has the full information to make the decision—so we shouldn’t take him off the hook by appearing to take the decision out of his hands.” Bernanke still wondered, “What would be wrong with a letter, not in advance of litigation but if requested by the defense in litigation, to the effect that our analysis supported the safety and soundness case for proceeding with the merger and that we communicated that to Lewis?” In response, Alvarez advised Bernanke to “hold fast” on any such letter. “I want to avoid the Fed being the centerpiece of the litigation,” he wrote.

On December 30, at another Bank of America board meeting, convened two days before the Merrill deal was to close, Lewis reported that since the December 22 board meeting, he had told “federal regulators”—primarily Kevin Warsh, a Federal Reserve Board member—that “were it not for the serious concerns regarding the status of the United States financial-services system” and the consequences that would have befallen the financial system as “articulated by the federal regulators,” Bank of America would have invoked the MAC clause and sought to renegotiate the terms of the deal. He explained to his board that he had also told regulators that it was “appropriate” for the federal government to make Bank of America “whole for the deterioration in Merrill Lynch’s operating results and financial condition.” In his conversations with Warsh, Lewis explained Bank of America’s “needs and expectations” regarding the financing that Paulson and Bernanke had informally promised.

Lewis also reminded his board that Treasury and the Fed would not put its commitment to him and Bank of America in writing, because such “assurances” would require the “formal action” of the Fed and Treasury, and thus “require public disclosure,” which might have caused another crisis. Still, Lewis told the board, management had documented the commitment as best it could through “e-mails and detailed notes” of the conversations with Warsh and others. Lewis and Price shared with the board the various ideas they had discussed with Warsh, Bernanke, and Paulson about how the

GRAVE

What do you think of my new glasses
I asked as I stood under a shade tree
before the joined grave of my parents,

and what followed was a long silence
that descended on the rows of the dead
and on the fields and the woods beyond,

one of the one hundred kinds of silence
according to the Chinese belief,
each one distinct from the others,

but the differences being so faint
that only a few special monks
were able to tell one from another.

They make you look very scholarly,
I heard my mother say
once I lay down on the ground

and pressed an ear into the soft grass.
Then I rolled over and pressed
my other ear to the ground,

the ear my father likes to speak into,
but he would say nothing,
and I could not find a silence

among the one hundred Chinese silences
that would fit the one that he created
even though I was the one

who had just made up the business
of the one hundred Chinese silences—
the Silence of the Night Boat,

and the Silence of the Lotus,
cousin to the Silence of the Temple Bell
only deeper and softer, like petals, at its farthest edges.

—Billy Collins

Billy Collins's most recent collection is *Ballistics* (2008).
He served as the U.S. poet laureate from 2001 to 2003.

government's new capital injection might work, and concluded by saying they would "continue to work" with federal regulators to make it all happen by January 20. "Robust discussion ensued," the meeting minutes deadpanned, "including the Corporation's recourse should the federal regulators fail to comply with their assurances on which the Board and management have relied."

On January 1, Bank of America closed its deal with Merrill Lynch, as had been agreed in September. No aspect of the original terms was renegotiated. "We created this new organization because we believe that wealth management and corporate and investment banking represent significant growth opportunities, especially when combined with our leading capabilities in consumer and commercial banking," Lewis said, mouthing the pabulum that typically attends corporate-merger announcements. He didn't mention any of the profound events of the previous weeks. "We are now uniquely positioned to win market share and expand our leadership position in markets around the world."

Bank of America ended up releasing its 2008 financial results 15 days later. Tucked into the press release was the news that Merrill Lynch had lost a staggering \$15.3 billion in the fourth quarter. In the same press release was the first public announcement of Bank of America's secret deal with Paulson and Bernanke. The government would invest another \$20 billion into Bank of America—bringing the total TARP funds at the bank to \$45 billion—and would also "provide protection against further losses" on \$118 billion in toxic assets, primarily taken from the Merrill Lynch balance sheet.

In a narrow sense, Lewis's gamble had paid off. But the merger—even with the government's largesse accounted for—has proved so far to be a lousy deal for Bank of America and its shareholders. On January 16, the bank's stock closed around \$7 per share, as investors worried about both the size of the losses and the need for another government bailout. It reached its nadir of \$3.14 per share six weeks later, a collapse of 90 percent since before Lewis decided to do the Merrill deal. (In June, after the bank raised \$38 billion, \$4.1 billion more than the \$33.9 billion of new capital mandated by Treasury's "stress tests," the stock was trading at around \$12 a share.) The backroom dealing and arm-twisting that kept the deal moving may have succeeded in saving Merrill from immediate collapse, but only at the expense of the health and stability of the nation's largest bank—an institution far more important, systemically, than Merrill, and one that must now be propped up, indefinitely, no matter the cost.

ON ONE LEVEL, the merger between Bank of America and Merrill Lynch is a simple story of executive hubris and cowardice. Leaving aside the question of whether Lewis's failure to publicly disclose new information—about Merrill's losses, about his deal with Paulson and Bernanke—was legal, his passivity throughout the process was, in the eyes of some financial-industry insiders, contemptible. One senior Wall Street executive, upon learning of Lewis's actions, was incredulous. "There is no question what I would have done if I were in his shoes," he told me. "I would have told [Bernanke and Paulson] I was calling the MAC, was releasing

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the Atlantic

the decision publicly, and dared them to fire me and the board—and that never would have happened, trust me.” Even a former Merrill Lynch executive, who was involved in the sale of the company to Bank of America and was familiar with the MAC language in the contract, said Lewis should have used Merrill’s fourth-quarter losses and the threat of calling a MAC as leverage to renegotiate downward the absurd price of the Merrill deal. “He could have used the MAC clause as a pretext to renegotiate the deal,” he said. “That would have been a prudent thing to do.”

Mark Sunshine, the president of First Capital, an international commercial lender, is somewhat more charitable. He worries that Ken Lewis’s decisions have exposed Lewis to civil liability, and “could have criminal implications.” But he also told me he knows how difficult it would have been for Lewis to ignore the requests of the Treasury secretary and Federal Reserve chairman in a time of financial crisis. And he said he is not sure, under the circumstances, whether he would have acted all that differently. “In those circumstances, most people would do what they were asked to do,” he said.

A moment later, after some reflection, he added, “But it also sounds an awful lot like what happens in a banana republic or in Putin’s Russia, when the captains of industry did favors for the government in exchange for economic subsidies. How do you stop from going down the slippery slope and becoming like Putin’s Russia?”

THE MOST IMPORTANT questions arising from the Bank of America–Merrill Lynch merger do not involve Ken Lewis. They involve Hank Paulson, Ben Bernanke, and the U.S. government.

In an interview with Andrew Cuomo, Paulson “largely corroborated” Lewis’s rendition of the events of December 2008, Cuomo wrote in an April 23 letter to federal officials. “Secretary Paulson indicated that he told Lewis that if Bank of America were to back out of the Merrill Lynch deal, the government either could or would remove the Board and management.” Paulson told Cuomo he “made the threat [to Lewis] at the request of Chairman Bernanke”; but Bernanke would not discuss the matter with Cuomo, invoking the Federal Reserve’s little-known “bank-examination privilege,” which was designed to preserve candor in communications between bankers and examiners. Bernanke did testify before Congress on June 25: “I did not tell Bank of America’s management that the Federal Reserve would take action against the board or management,” he said. A spokesman for Paulson later said Paulson’s admonitions to Lewis were “his own” and not made at the behest of Bernanke. Regardless, the pressure that both Bernanke and Paulson put on Lewis was extraordinary—and questions about the legality and propriety of these actions are serious enough to have spurred a congressional investigation, still ongoing at the time of this writing.

Some observers are convinced that government officials crossed a line—“There’s no question there was coercion and bribery here,” argues Sunshine. But based on available evidence, none of the legal experts with whom I spoke believed that the government clearly broke any laws. H. Rodgin Cohen—the senior partner at the law firm Sullivan & Cromwell and

an ultimate Wall Street insider—does not fault public officials for doing what they believed at the time to be in the best interests of the financial system. “There are differences between persuading and helping people understand where their best interests lie, and actually abrogating a contract,” he told me. “People want a proactive administration, but there is a difference between being proactive and violating the Constitution. You can adhere to the rule of law and have a clear sense that the rule of law can be used proactively to accomplish what you are trying to accomplish.”

In any case, and for better or worse, the federal government has reached deep into the financial-services industry in its response to the crisis. Through the extension of TARP funds and other mechanisms, it has gained heavy leverage, and is likely to retain that leverage for at least the next several years. And as the long aftermath of 9/11 has shown us, novel exertions of federal power and the suppression of private rights, undertaken in moments of crisis and confusion, can become cancerous precedents.

The question many Wall Street executives are asking themselves—and the single most important question to come out of the whole affair—is whether last December’s undisclosed *pas de deux* between Lewis, on the one hand, and Paulson and Bernanke, on the other, represents a one-time event or whether, in the post-TARP world, both Wall Street and Main Street should expect to see the long arm of the government interfering with business deals and private contracts on a more regular basis.

“As a legal matter, the sanctity of contracts is fundamental,” said Cohen, who has been a legal adviser to many of the banks that faced recent crises. “And I don’t know how you go much beyond that, because once you destroy that foundation, then it starts to affect the underpinning of all business relationships—which assume that contracts are enforceable.”

As the crisis has receded this year, the government has remained aggressive, seeking business outcomes it finds desirable with some apparent indifference to contractual rights. In Chrysler’s bankruptcy negotiations in April, for example, Treasury’s plan offered the automaker’s senior-debt holders 29 cents on the dollar. Some debt holders, including the hedge fund Xerion Capital Partners, believed they were contractually entitled to a much better deal as senior creditors holding secured debt. But four TARP banks—JPMorgan Chase, Citigroup, Morgan Stanley, and Goldman Sachs—which owned about 70 percent of the Chrysler senior debt at par (100 cents on the dollar), had agreed to the 29-cent deal. By getting these banks and the other senior-debt holders to accept the 29-cent deal and give up their rights to push for the higher potential payout they were entitled to, the government could give Chrysler’s workers, whose contracts were general unsecured claims—and therefore junior to the banks’—a payout far more generous than would otherwise have been possible or likely. Essentially, the government was engineering a transfer of wealth from TARP bank shareholders to auto workers, and pressuring other creditors to go along.

On April 30, when President Obama announced the bankruptcy, he forcefully stated the White House position: “While many stakeholders made sacrifices and worked constructively,” he said, “I have to tell you, some did not. In particular,

a group of investment firms and hedge funds decided to hold out for the prospect of an unjustified taxpayer-funded bailout. They were hoping that everybody else would make sacrifices, and they would have to make none. Some demanded twice the return that other lenders were getting. I don't stand with them. I stand with Chrysler's employees and their families and communities."

In the face of this kind of political pressure, Perella Weinberg, the owner of Xerion, backed down. "In considering the President's words and exercising our best investment judgment," the firm said in a statement, "we concluded that the risks of potentially severe capital loss that could arise from fighting this in bankruptcy court far outweighed any realistic potential upside." Tom Lauria, an attorney who was representing the firm during the negotiations, said in a May 1 radio interview that his client had been told by the administration that the White House press corps would destroy Perella Weinberg's reputation if it continued to fight the deal. He later told ABC News that Treasury adviser Steven Rattner had made the threat. (The White House denied making any threats, and Perella Weinberg denied Lauria's account of events, without elaboration.) Lauria said, in his radio interview, "I think everybody in the country should be concerned about the fact that the president of the United States, the executive office, is using its power to try to abrogate that contractual right."

A somewhat similar story played out during GM's bankruptcy—the government again put together a deal that looked to many like a gift to the United Auto Workers at the expense of bondholders, who were pressed hard to quickly take a deal that would leave them with 10 percent of the equity of the reorganized company (plus some out-of-the-money warrants) when they likely would have been able to negotiate for more in a less well-orchestrated bankruptcy proceeding. The Obama administration also famously browbeat AIG employees, who had a contractual right to some \$165 million in bonuses, to void that right. (In the face of the government's pressure and the public outcry, some 15 of the top 20 recipients of the retention bonuses agreed to give back a total of more than \$30 million in payments.) Curiously, the government has put no pressure on Merrill executives to return their \$3.6 billion in bonuses that were paid out in December 2008, even though the company had suffered those huge losses.

"The rules as to how the government will act are not what we learned," explained Gary Parr, the deputy chairman of Lazard and one of the leading mergers-and-acquisitions advisers to financial institutions. "In the last 12 months, new precedents have been set weekly. The old rules often don't apply as much anymore." He said the recent examples of the government's aggression are "a really big deal," but adds, "I am not sure it is going to last a long time. I sure hope not. I can't imagine the markets will function properly if you are always wondering if the government is going to step in and change the game." One former Treasury official in the Bush

administration told me he believes that the Obama administration has been disturbingly heavy-handed with the automobile companies and those who have lent to them. "It's very easy, when you're holding all the cards, to impose your will," he said. "And when you are the only source of financing, forget it."

It can be hard to find sympathy for some of the people now decrying the government's actions. And surely, the fat cats who always seem to find a way of bending the system to their advantage should be expected to make concessions as we seek to right the economy—especially where bankruptcy and taxpayer bailouts are concerned. Many observers have argued that if anything, the government has not been aggressive enough in reforming the financial system. But there's a difference between reform—the development and application of new, clear standards for the system as a whole—and ad hoc interference.

The pattern of government intervention in the past year is at times bewildering. Why did Paulson and Bernanke decide to save AIG and Merrill, but not Lehman? Why did they let Merrill pay \$3.6 billion in bonuses but make a federal case out of the \$165 million paid out to AIG's professionals? How should businesses and investors think about bond purchases, mergers, compensation, and a range of other activities that are essential to a smoothly functioning economy, but now carry the uncertainty of potential government intervention? Creeping uncertainty of this sort would inevitably slow and distort the economy. It would also lead to charges of crony capitalism and favoritism—indeed, it already has.

The legacy of the crash and our response to it has yet to be fully written. And we will never—can never—know if the actions taken by Bernanke and Paulson in December prevented a meltdown many times worse than the one we experienced last fall. Given the gravity and the time pressure of the situation, it is perhaps best to give them the benefit of the doubt.

Yet the very success that Bernanke and Paulson (and later, the Obama administration) seem to have had in ameliorating the crisis may, over time, carry unintended consequences. Pressure for aggressive reform of the financial system appears to have waned in recent months. Meanwhile, the pressure applied on Bank of America and other private institutions, as it has come to light, has for the most part been met with a collective shrug (although some members of Congress, particularly Democrats Dennis Kucinich and Elijah Cummings, seem determined to get to the bottom of who did what to whom and why). This raises the possibility that Treasury and the Fed will continue to simply manage the financial industry informally for some years to come, confident in their ability to pull the right levers and twist arms when necessary behind the scenes. That's a scenario that seldom ends well; we should hope it doesn't come to pass. ■

*William D. Cohan is the author, most recently, of *House of Cards: A Tale of Hubris and Wretched Excess on Wall Street*.*

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MAP

WORTH ITS WEIGHT?

The United States, the world's largest food donor, ships surplus food all the way to Africa. Buying a metric ton of U.S. corn, shipping it to the continent, and then distributing it costs \$812 on average, according to Pedro Sanchez, of Columbia University's Earth Institute. Sanchez calculates that giving African farmers the seed, fertilizer, and support to grow that same ton of corn would cost only \$135.

Land Suitability for Rain-fed Agriculture

- Very High
- High
- Good
- Medium
- Moderate
- Marginal
- Very Marginal
- Not suitable

Wheat Potential Yield (outlined)
Wheat Actual Yield

Rice Potential Yield (outlined)
Rice Actual Yield

Corn Potential Yield (outlined)
Corn Actual Yield

Land suitability data from IIASA/FAO.
For a full list of sources, see
www.theatlantic.com/foodmap

MAGIC DIRT

Three thousand years ago, people in the Amazon turned bad soil into *terra preta* ("dark earth" in Portuguese). A mix of dirt and charred organic matter, rich in nutrients and microorganisms, it can more than double some crop yields without easily losing quality or washing away in hard rains. This "biochar" mixture, rediscovered in 2000, could transform fragile soil in many parts of the world. By trapping carbon in the ground, it may also slow global warming.

The Next Breadbasket?

HOW AFRICA COULD SAVE THE WORLD—AND ITSELF

By Elizabeth Chiles Shelburne

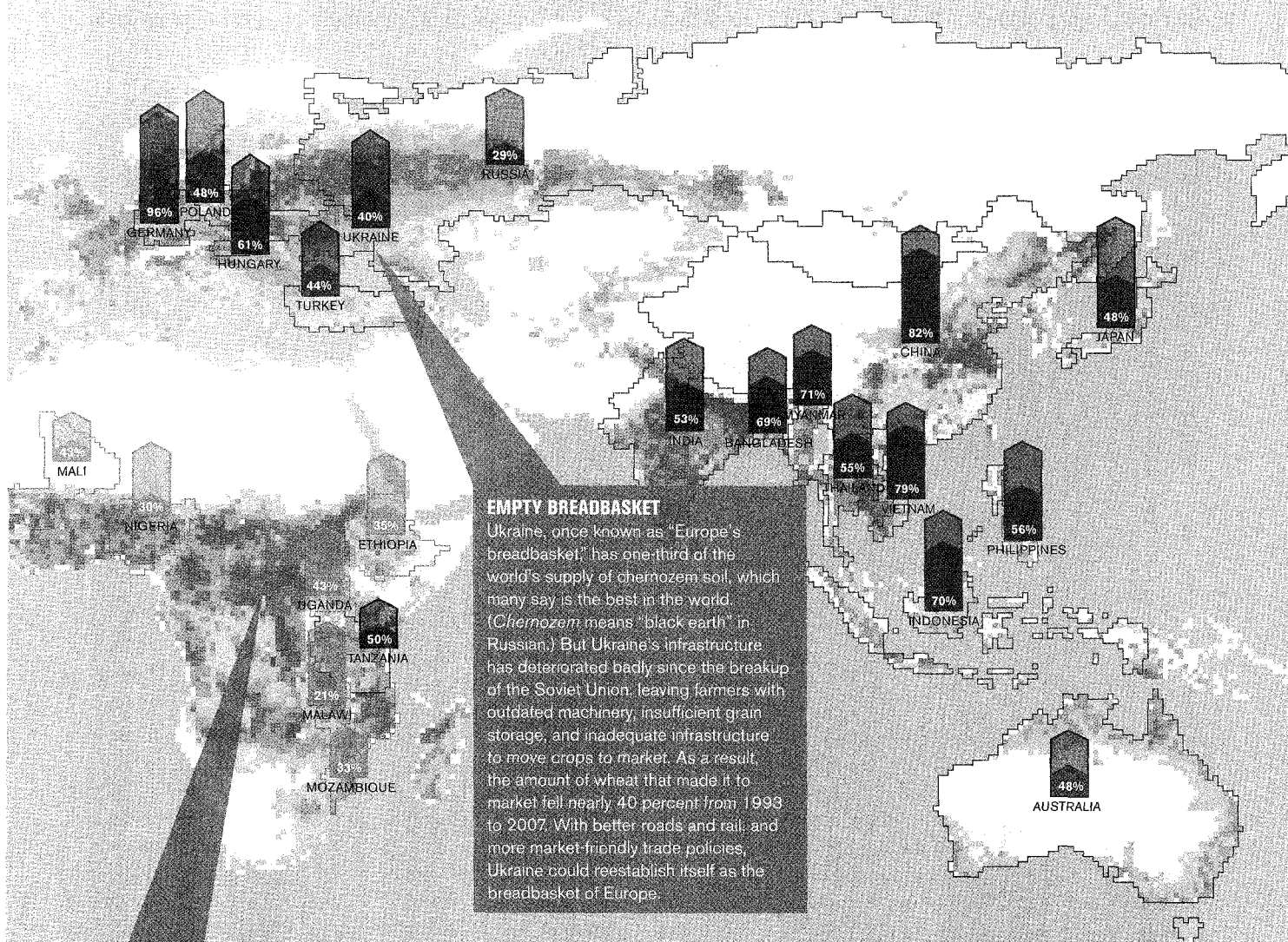
Map by MGMT. Design

IT'S BEEN 41 years since Paul Ehrlich predicted imminent mass starvation, in his 1968 jeremiad, *The Population Bomb*. In the years that followed, a green revolution drove crop production rapidly upward, while population growth slowed dramatically; Ehrlich's bomb, rather conspicuously, failed to go off.

Nonetheless, we're still multiplying—global population is on track to

reach 9.1 billion by 2050, up from 6.8 billion today. And the green revolution seems to have run its course: rice yields, for instance, are growing at only 1 percent a year, down from 2.3 percent in the 1960s, 1970s, and 1980s. For the past several years, grain production has not kept up with demand; if we are to put enough food on the table in the coming decades, something big will need to change.

Much of the world's arable land is being farmed already, so the lion's share of the increase will need to come through higher yields. In many places, yields *can* increase—if prices rise high enough to make investment in more-intensive agriculture worthwhile. Still, much of the developed world is approaching the ceiling of what is cheaply possible. Sub-Saharan Africa, despite its long history of food insecurity,



PRECISION FARMING

Using sensing equipment mounted on satellites and airplanes, scientists can now map the world's soils precisely, pinpointing areas—even within a single acre—that retain water, for example, or are rich in nitrogen. The Gates Foundation is helping fund the creation of a digital soil map of Africa: detailed soil information, delivered in person or via cell phone, should let small farmers optimize their use of fertilizer and water, reducing costs and increasing yields perhaps as much as fourfold.

A MATTER OF DEGREES

Climate change could wreak havoc on the world's food supply. While some areas may benefit from small temperature changes, parts of the Southern Hemisphere could see production decline by more than 25 percent, partly through associated changes in rainfall patterns. (If global temperatures rise by 3 to 4 degrees, or more, no country is likely to benefit.) Researchers are already at work on drought-resistant plants that will help keep the world fed.

is one place where yields could increase dramatically; agricultural basics such as good seed and fertilizer would go far in a region that the green revolution bypassed. "We could increase yields in sub-Saharan Africa threefold tomorrow with off-the-shelf technology," says Kenneth Cassman, a well-regarded agronomist who researches potential yields. The problem is the continent's

long history of corruption, poor infrastructure, and lack of market access.

Agricultural investment in Africa—and in a few other high-potential places such as Ukraine and Russia—may be the world's best bet for keeping food plentiful and cheap. This investment could bring other benefits too; the World Bank estimates that agricultural development is twice as effective at reducing

poverty as other sources of growth. In Asia, as cereal yields rose, poverty rates plummeted. Investment in Africa's agriculture—by donors, farmers, and African governments—may allow the continent to feed the world and save itself. ■

Elizabeth Chiles Shelburne is a writer based in Boston.

WITH *INGLOURIOUS BASTERDS*, Quentin Tarantino has managed to create something entirely new: a story of emotionally uncomplicated, physically threatening, non-morally-anguished Jews dealing out spaghetti-Western justice to Nazis. It's a film no Jewish director could have made.

PROFILE

HOLLYWOOD'S JEWISH AVENGER

By Jeffrey Goldberg

EARLY IN THE spring of 1944, when I was quite a bit younger than I am now, I parachuted into Nazi-occupied Poland as the leader of a team of Brooklyn-born commandos. We landed in a field not far from the train tracks that fed Jews to the gas chambers of Auschwitz. My team laid explosive charges on the tracks, destroying them utterly, and then I moved quickly on foot to the death camp itself, where I found Josef Mengele, the Angel of Death, in bed. I shot him in the face, though not before lecturing him on his sins. Before I killed him, he cried like a little Nazi bitch.

Then I woke up, ate a bowl of Rice Krispies, and walked to school—the Howard T. Herber Middle School—where a sixth-grade pogromist named Patrick Harrington and his Cossack associates pitched pennies at me in a game sometimes known as “Bend the Jew,” which ended, inevitably, with me being jumped for refusing to pick up the aforementioned pennies, and also for killing Jesus. It is in part because of young Mr. Harrington and his lieutenants that I would later join the Israeli army, and that, more recently, I found myself sitting beside Quentin Tarantino’s pool in the Hollywood Hills, listening in wonder as the writer and director of *Reservoir Dogs* and *Pulp Fiction* diagnosed what he saw as the essential, maddening flaw of every Holocaust movie ever made.

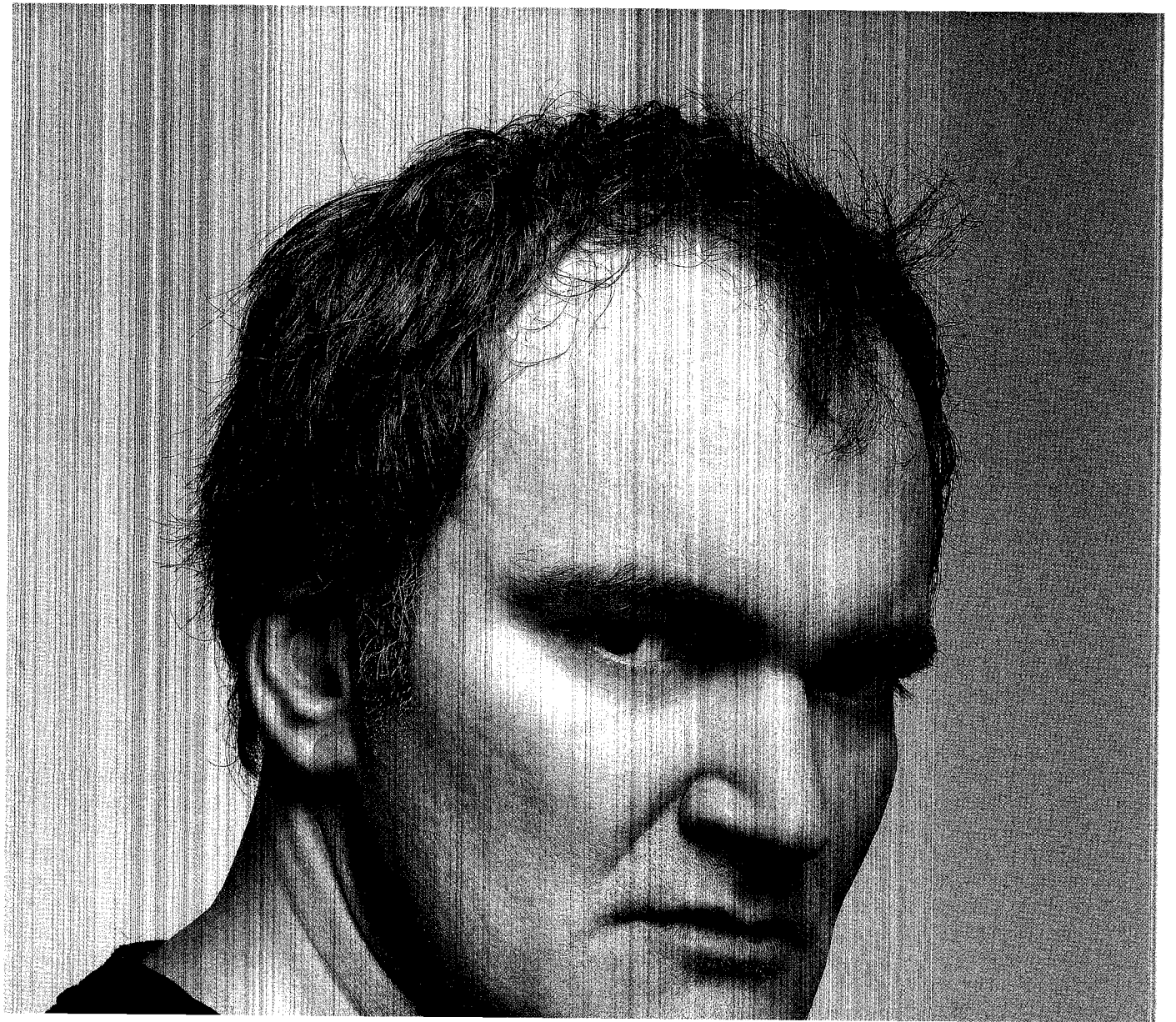
“Holocaust movies always have Jews as victims,” he said, plainly exasperated by Hollywood’s lack of imagination. “We’ve seen that story before. I want to see something different. Let’s see Germans that are scared of Jews. Let’s not have

everything build up to a big misery, let’s actually take the fun of action-movie cinema and apply it to this situation.”

It is true that most—some might even say all—films about the Holocaust focus on the persecution of Jews. The Holocaust was very bad for Jews; this is an immovable fact of history. But Tarantino isn’t wrong to suggest that the cinematic depiction of anti-Semitic persecution can become wearying over time, particularly for Semites. In Judd Apatow’s comedy *Knocked Up*, Seth Rogen’s character praises Steven Spielberg’s *Munich* for featuring Jewish assassins: “Every movie with Jews, we’re the ones getting killed. *Munich* flips it on its ear. We’re capping motherfuckers!”

Munich, though, is a neurotic’s delight in comparison to Tarantino’s preposterous, sporadically brutal, and greatly entertaining new film, *Inglourious Basterds*. (The misspellings are intentional, for reasons that Tarantino won’t fully explain.) Though he opens the film with the murder of a Jewish family in a French farmhouse, he spends much of the rest of the two-and-a-half-hour film allowing his Jewish characters—including a beautiful young woman named Shoshanna, the only survivor of the farmhouse massacre—to beat Nazis, scalp Nazis, burn Nazis, and carve swastikas into the foreheads of Nazis. *Inglourious Basterds* is part *Dirty Dozen*, part Sergio Leone, part Leon Uris—but not much *Night and Fog* or *Shoah*, and certainly not much *Schindler’s List*. (Spielberg is too nice a Jewish boy to have a U.S. soldier tell a Gestapo officer, before shooting him, “Say *auf Wiedersehen* to your Nazi balls!”) The film also contains suggestions—intentional or not—of *Ilsa, She Wolf of the SS* and *Springtime for*

NICOLAS GUERIN/CORBIS



Hitler. But Tarantino, a famously derivative filmmaker, has managed to create out of these parts something that seems entirely new: a story of emotionally uncomplicated, physically threatening, non-morally-anguished Jews dealing out spaghetti-Western justice to their would-be exterminators.

The film tracks two separate, though converging, plotlines: the revenge conspiracy of Shoshanna, who, after her escape from the almost comically evil SS officer Hans Landa, recreates herself as a cinema owner in Paris; and the deployment in occupied France of the “Basterds,” a squad of American Jewish Nazi-hunters led by an officer nicknamed “Aldo the Apache,” who is played by Brad Pitt and who is meant to be a Tennessee hillbilly, not a Jew, because even Quentin Tarantino understands that there are limits to plausibility. Shoshanna’s plan and the Basterds’ mission come together in Paris, with world-historical consequences. Suffice it to say that Tarantino brings about the end of World War II in a way that would please Jews, and most everyone else, including devotees of David Bowie, who sings “Cat People (Putting Out Fire)” as the Third Reich collapses. Along the way, the Basterds terrorize German soldiers and even Hitler himself.

On one level, *Inglourious Basterds* is a sophisticated and knowing evisceration of fascist cinema—the war ends, essentially, in a conflagration in Shoshanna’s theater. And because this is Tarantino, scenes of unmediated gore are interrupted by debates about German movie-making, including a discussion (whose participants include Winston Churchill) of whether Joseph Goebbels runs his movie studios in the manner of Louis B. Mayer or David O. Selznick. But it is the unapologetic depiction of an alternate reality in which Jews torture and murder Nazis that made this film particularly interesting to a veteran REM-state Mengele-killer such as myself.

Early in the film, Aldo the Apache announces the goals of his unit: “We will be cruel to the Germans, and through our cruelty they will know who we are. They will find the evidence of our cruelty in the disemboweled, dismembered, and disfigured bodies of their brothers we leave behind us.” Soon enough, the Basterds are committing war crimes, beating prisoners to death and collecting the scalps of dead Germans. “Every man under my command owes me 100 Nazi scalps,” Aldo demands.

The horror-movie director Eli Roth—his film *Hostel* is the most repulsively violent movie I’ve ever seen twice—plays a Basterd known as the “Bear Jew,” whose specialty is braining Germans with a baseball bat. Roth told me recently that *Inglourious Basterds* falls into a subgenre he calls “kosher porn.”

“It’s almost a deep sexual satisfaction of wanting to beat Nazis to death, an orgasmic feeling,” Roth said. “My character gets to beat Nazis to death. That’s something I could watch all day. My parents are very strong about Holocaust education. My grandparents got out of Poland and Russia and Austria, but their relatives did not.”

Tarantino’s producer, Lawrence Bender, says that after reading the first draft of *Inglourious Basterds*, he told Tarantino, “As your producing partner, I thank you, and as a member of the Jewish tribe, I thank you, motherfucker, because this movie is a fucking Jewish wet dream.” Harvey

and Bob Weinstein, the film’s executive producers, also reportedly enjoyed the film’s theme of Jewish revenge.

Tarantino told me he has received only positive reactions from his Jewish friends. “The Jewish males that I’ve known since I’ve been writing the film and telling them about it, they’ve just been, ‘Man, I can’t fucking wait for this fucking movie!’” he told me. “And they tell their dads, and they’re like, ‘I want to see that movie!’”

It is not an accident that it took a non-Jewish director to concoct this story of brutal Jewish revenge. It is difficult to imagine a Jew in Hollywood—each one more self-conscious than the next—portraying Jews as vengeance-seeking knifemen. Neal Gabler, the author of *An Empire of Their Own: How the Jews Invented Hollywood*, told me that Jewish revenge fantasies aren’t entirely alien to the movie industry, but they’ve always been exercises in sublimation, *Superman* being only the most obvious. “Jews have gone from being nonexistent in film to being thoroughly represented, but no Jew would ever make a film like *Inglourious Basterds*,” Gabler said. “It’s too brazen.”

TARANTINO IN PERSON is both larger and saner than he seems in his films and in his public appearances. He is a polite and enthusiastic host, and he spent part of a July afternoon with me analyzing German cinema of the 1920s, World War II iconography, and the career of Joseph Goebbels, which seems to fascinate Tarantino endlessly. (Goebbels provides one of the most amusing moments in *Inglourious Basterds*, crying when Hitler praises his latest film. “If Hitler says that this is the greatest movie you’ve ever done, I can see Goebbels getting choked up,” Tarantino said in explaining the scene. “When Harvey Weinstein does that, I get a tear in my eye.”) Tarantino was less thoughtful on the subject of torturing Nazis, but deliberately so. Excessive thoughtfulness, he suggested, is the reason his Jewish friends find most Holocaust movies so exasperating.

“I hate that hand-wringing shit,” he said. He had a revelation in his early 20s, he recalled, when he saw *Red Dawn*, a Cold War revenge fantasy in which a group of American high-school students, the “Wolverines,” battle Soviet and Central American soldiers who invade Colorado. “The Wolverines capture a soldier, and there’s a little bit of back-and-forth—should we kill him or not—and C. Thomas Howell just blows him away with his shotgun,” Tarantino recalled.

“Those are the kind of things you say, ‘That’s exactly what I would do.’ It’s what I want to see, and when I don’t see it, I become frustrated, and then it feels like a movie as opposed to real life.”

He went on, “When you watch all the different Nazi movies, all the TV movies, it’s sad, but isn’t it also frustrating? Did everybody walk into the boxcar? Didn’t somebody *do* something?”

The recent Ed Zwick movie, *Defiance*, about a group of Jewish partisans in German-occupied Belarus, featured armed Jews engaging in vigorous self-defense, in a way that most Holocaust movies don’t. Tarantino said he had not seen it. “My guess is, that doesn’t go far enough,” he said. “My guess is that it’s frustrating in a whole different way.”

MORE ONLINE

Jeffrey Goldberg
talks about
Quentin Tarantino:
www.theatlantic.com/QT
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He is correct that *Defiance* doesn't go as far as he would go, but it is something of a corrective, not only to *Schindler's List*, which is a story of Christian redemption and Jewish passivity, but to the schmaltz and vulgarity of most Holocaust films, from *Jakob the Liar* to *Life Is Beautiful*. The Jews in *Defiance* kill Nazis, but they periodically stop to debate the merits and drawbacks of killing. When I described this, Tarantino argued that it would have been unrealistic to expect the Jews of Europe to debate the morality of killing Nazis.

I asked Tarantino if he thought the over-the-top violence of the Basterds might offend people. "Why would they condemn me?" he said. "I was too brutal to the Nazis?"

Well, scalping Nazis is a bit ... much.

"One of the things that's interesting to me is equating the Jews in this case with the Indians in a Western," he said. "Maybe it's not nothing that I'm 25 percent Cherokee Indian. If I go do a movie of Jewish Americans fighting back in World War II, then I equate them with the other race that I am, and I use the Indian battle plan, their methods, to attack the Nazis."

Eli Roth told me that Tarantino came to his home for Passover just as he was wrestling with the final act of *Basterds*.

"I was his Jewish sounding board," Roth said. "'Would a Jew do this, would a Jew do that?' He kind of didn't have an ending. But after the seder, he said, 'I'm going home to finish.' He understood that we are still pissed off about things that happened to us 3,000 years ago. At the end of the seder, we talked about how the Jewish thing was to remember, that there was no absolution."

The ending Tarantino wrote includes the mass incineration of Nazis and their wives, with Shoshanna screaming "This is the face of Jewish vengeance!" and the very last scene features one final forehead swastika-carving.

"Why isn't that all right?" Tarantino asked me, when I noted the cruelty of that final image.

"Well, it's torture," I said. "Isn't torture wrong?"

Ten seconds went by as Tarantino weighed the question.

"He's a Nazi," Tarantino said, finally. "They're giving him a scar. I don't know if I would even go so far as to call that torture. He's scarring him. He's not torturing him. What he's doing isn't so ridiculously painful."

I asked if he'd ever had a swastika carved in his forehead.

"I'm sure it hurts," he said. But torture, he said, is something different: an attempt to elicit information by inflicting extreme pain. In other words, the pain inflicted by Tarantino's Jews on the Nazis was inflicted only to terrorize.

MY AMBIVALENCE ABOUT some of the excesses of *Inglourious Basterds* fully emerged only in the days after our conversation. I had met Tarantino less than 24 hours after I first saw the film. When I came out of the screening room the night before our interview, I was so hopped up on righteous Jewish violence that I was almost ready to settle the West Bank—and possibly the East Bank. But when my blood cooled, I began to think about the morality of kosher porn

in the context of current Middle East politics. Some of this was informed by my own experience in the Israeli army, in which I saw my fellow Jewish soldiers do moral things—such as risking their lives to prevent the murder of innocent Jews—as well as immoral things, like beating the hell out of Palestinians because they could.

When Tarantino asked me how I thought his film would be received in Israel—he's visiting for the first time this summer, to promote the film—I told him that Israelis, who have actual experience with physical power (in a way that most Jews over the course of the past 2,000 years did not), might not take to the film in the way that many of their American cousins might. Some Israeli liberals, including the country's many filmmakers, might not like his movie very much at all.

Lawrence Bender, Tarantino's loyal producer, is one of Hollywood's more famous liberals—he produced the Al Gore climate-change film, *An Inconvenient Truth*, and he is on the board of the Israel Policy Forum, a left-leaning pro-Israel group. Bender told me he could not view *Inglourious Basterds* without remembering his own experience with schoolyard anti-Semitism. "I was taunted and thrown into lockers, and I've never forgotten it."

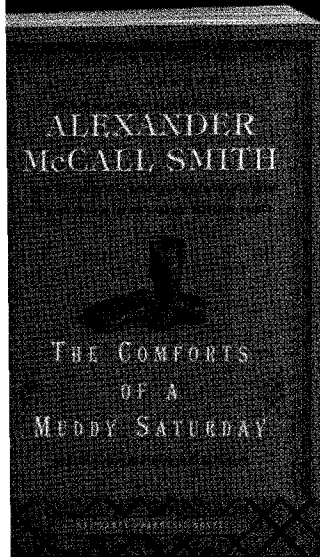
I asked him to place the movie in the current stream of Jewish power politics. "Every time Quentin makes a movie, we're accused of promoting violence," he said. "Most people know the difference between real life and the movies. This is a movie. It's a fantasy. It's not meant to empower the Jews and speak against the Arabs. But on the other hand, to point out that the Jews have some degree of

power today but are living in the middle of a sea of people who are basically saying that they shouldn't be around? I have zero problem with Jewish empowerment. The whole thing is complicated. At the end of the day, the people in that auditorium—during the film's climax—"are Nazis. You kind of feel bad for them because they're burning to death, but you're not feeling too much sympathy, even for the Nazi who gets a swastika carved in his head."

But why risk creating sympathy for Nazis at all? Why have any scene that, in Neal Gabler's words, "conventionalizes Jews, puts them in the same revenge motif as everyone else"? Tarantino, of course, always goes too far: Sofie Fatale's cut-off arm in *Kill Bill: Vol. 1*; the police officer's sliced-off ear in *Reservoir Dogs*. I have a high tolerance for violence in Tarantino's compelling fantasy demimonde. But *Inglourious Basterds* is the first Tarantino movie to reference real historical events. Which might be why I find his anti-Nazi excesses—there's a concept—disconcerting. Or it might be because I don't actually have revenge dreams anymore. They stopped sometime after I left the army, if I remember correctly. Given the chance, of course, I would still shoot Mengele in the face. That would be a moral necessity. But I wouldn't carve a swastika into his forehead. That just doesn't sound like the Jewish thing to do. ■

Jeffrey Goldberg is an Atlantic national correspondent.

GREAT FALL R

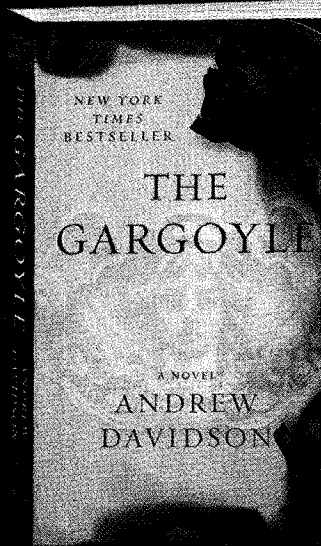


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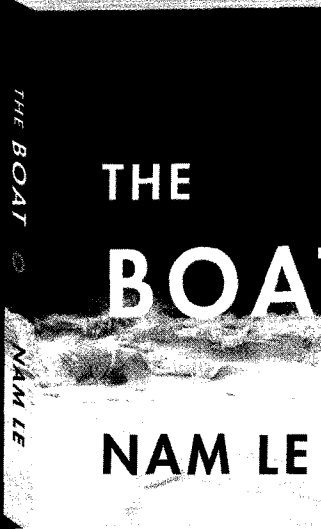


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WHY WE DRIVE THE WAY WE DO
(and What It Says About Us)
TOM VANDERBILT



BOOKS

ESSAY Caitlin Flanagan on the grave emotional jeopardy wrought by Helen Gurley Brown
REVIEW Christopher Hitchens considers the Eros and Thanatos of John and Elizabeth Edwards.
COVER TO COVER James Lasdun's latest; garden variety; Freudian food; and more



Sex and the Married Man

HOW HELEN GURLEY BROWN INSPIRED A GENERATION OF HOME-WRECKERS,
AND BROUGHT DOWN JOHN EDWARDS

By Caitlin Flanagan

SHE'S 87, STILL KICKING, and almost certainly still dieting, and the old bird has earned herself a scholarly biography the hard way; if Helen Gurley Brown's journey from the outhouses and tent revivals of the Ozarks into the cocktail parties and four-color closings of the Hearst Corporation can't make a corker of a story,

nothing can. *Bad Girls Go Everywhere*, by Jennifer Scanlon, a gender and women's-studies professor at Bowdoin, is a comprehensive report on HGB theory, which is in a revisionist phase. It rejects the earlier view, long held by giants of the women's movement such as Gloria Steinem, who believed (per Scanlon) that Brown was a scourge who "enhanced men's rather than women's lives

by turning women into sexually available playmates." Instead, we are asked to consider Brown "a pioneer, a founder of the second wave." Brown "has largely been left out of established histories of postwar feminism's emergence and ascendance," and this book purports to correct the record, telling the true story behind her "very particular and still-relevant brand of feminism."

MARC YANKUS

OUR PROGRAM, ONE OF THE OLDEST, MOST PRESTIGIOUS, and selective in the country, was recently placed among the top ten by *The Atlantic Monthly*, which went on to rank our faculty and our alumni among the top five. The magazine might have been impressed by our two most celebrated workshops—one, in poetry, was led by Robert Lowell, who had scattered around him Sylvia Plath, Anne Sexton, and George Starbuck; the other, much more recent, was led by Leslie Epstein, whose students included Ha Jin, Jhumpa Lahiri, and Peter Ho Davies. Our classes still meet in the same small room, which allows through its dusty windows a glimpse of the Charles. These days, the poetry workshops are led by our regular faculty, Robert Pinsky, Louise Glück, and Rosanna Warren; those in fiction are led by Leslie Epstein, Ha Jin himself, and Allegra Goodman. Our famed playwriting classes are taught by Kate Snodgrass, Ronan Noone, and Melinda Lopez. We are also pleased to add that, thanks to a generous donor, we are launching a new fellowships program that aims to send a good number of our students abroad for a typical stay of three months, after completing their intensive workshops here.

It is difficult to know how best to measure a student's success or the worth of a program to a writer. Our graduates have won every major award in each of their genres, including, in playwriting, the Charles MacArthur Award and six national playwriting awards from the American College Theater Festival; in poetry, the Whiting Award, the Norma Farber First Book Award, along with three winners of the Discovery/The Nation Award and two winners of the National Poetry Series; in fiction our graduates have won the Pulitzer Prize, the PEN/Faulkner, the PEN/Hemingway, and the National Book Award. Every month one of our graduates brings out a book of poetry or fiction with a major publisher; and some, like Sue Miller and Arthur Golden, have spent a good deal of time on bestseller lists. Over the last decade we have placed more than a score of our graduates in tenure-track positions at important universities (Peter Ho Davies and Carl Phillips direct the creative writing programs at Michigan and Washington University in St. Louis).

We make, of course, no such assurances. Our only promise to those who join us is of a fair amount of time in that river-view room, time shared with other writers in a common, most difficult pursuit: the perfection of one's craft. For more information about the program, our visiting writers, financial aid, or our new Robert Pinsky Global Fellowships, please write to Director, Creative Writing Program, Boston University, 236 Bay State Road, Boston, MA 02215 or visit our website at www.bu.edu/writing. **Application deadline is March 1, 2010.**

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The central argument, in précis: second-wave feminism—with its endless reading lists and casually divorced breadwinners, its stridently unshaven armpits and Crock-Pots of greasy coq au vin—was fine for the educated set, the B.A.-in-anthropology, little-bit-of-money-put-aside women who could get themselves master's degrees in library science, peel off the Playtex 18-Hour Living Girdle one last time, and divest themselves of the whole maddening, saddening, 24-Hour Living Death of mid-century housewifery. But the movement wasn't much of a starter for the young women of the American steno pool—call them the Seven Thousand Sisters—who barely made it all the way through *Doctor Zhivago*, let alone *The Second Sex*, and who, moreover, had no desire to go through life looking like Sasquatch and feeling angry all the time.

For these women, according to Scanlon, it took Helen Gurley Brown and her mass-market publication, *Cosmopolitan* (a month-by-month expansion of the ideas espoused in her 1962 blockbuster, *Sex and the Single Girl*), to advance some of the most important tenets of the new feminism: that a woman was entitled to a sexual life of whatever dimensions she chose; that work could be as fulfilling for women as for men; that the postwar American suburb and the role it offered to wives and mothers were spirit-deadening; and that a woman did not need to marry to lead a happy life.

But it is only through a willful misunderstanding of Brown's life story, and of the premise of the book that made her famous, that anyone could promote the notion that Brown's work has been dedicated to any cause other than how to win a husband.

Here are the first words of *Sex and the Single Girl*:

I married for the first time at thirty-seven. I got the man I wanted. It *could* be construed as something of a miracle considering how old I was and how eligible *he* was ... He was sought after by many a Hollywood starlet as well as some less flamboyant but more deadly types. And I got him! We have two Mercedes-Benzes, one hundred acres of virgin forest near San Francisco, a Mediterranean

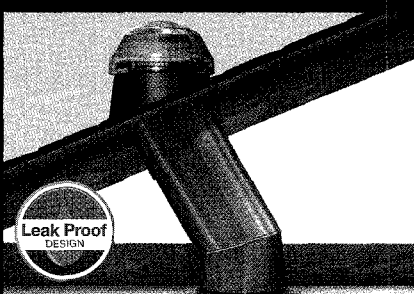
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house overlooking the Pacific, a full-time maid and a good life.

Brown has always embodied the idea that it's not too late for any woman to find the comfort and protection of marriage. Indeed, the sexy-single-girl life (which she was always seeing in her rearview mirror, as she did not become a national guru until well after she married) was, for her, not an end in itself, but merely the process through which she was able to land her man:

For seventeen years I worked hard to become the kind of woman who might interest him. And when he finally walked into my life I was just worldly enough, relaxed enough, financially secure enough ... and adorned with enough glitter to attract him.

Along the way to catching this colossus of manhood, she learned certain of life's hard lessons for women, and if she dressed them up in the desperate, Blanche DuBois tinsel of her new creation—the single girl—she also told those home truths in the plainest and most haunting way. She didn't just hint darkly at the possible pitfalls and sorrows of life as a sexually liberated, "all the time in the world" unmarried woman, she told it as it was; that millions of women chose to ignore that part of the message speaks to how deeply they wanted the David Brown at the end of the rainbow.

Brown also reshaped—enduringly, single-handedly—the way magazines and television shows for a female audience conceive of their mission and their scope, which encompasses the frankly titillating and the shockingly clinical, and presents them cheek by jowl. When you watch *Oprah*—or *Dr. Phil* or the *Today* show, or almost any successful work of daytime television for women—when you read any mass-market women's magazine or listen to a call-in radio show for a female audience, you are experiencing the fruits of her innovations. These involved three distinct but related ideas: that American faith in the power

of self-improvement as an animating force in individual lives is so complete that—provided the messenger has enough conviction—almost any bond of propriety can be broken in its name; that instruments of mass culture and entertainment are the most expedient means of conveying public-health information, and that they therefore have a moral imperative to do so; and that, where issues of women's reproductive health and well-being are concerned, the line between a medical explanation and an essentially obscene exploitation can be reduced to nothing at all.

BORN IN AN Arkansas hollow in 1922, fatherless by 10, Brown was poor—dirt poor—from the get-go, and she was raised by women who tended to step off the road and pee when the urge hit them. Clearly, there is something Appalachian about the easy truck with bodily functions that became so important to Brown's mission and message. While the Mount Holyoke grads were meeting in embarrassed little encounter groups to discuss possibly putting a mirror down there, Brown was telling her readers to embrace all aspects of their body, including the various functions and products of the alimentary tract.

In another woman, one whose life journey began elsewhere, this might be described as a hard-won, anti-bourgeois earthiness, but Brown never was bourgeois. The central tension of her work, and what has made it such a success, is that her ideas, launched at women who desire to gain or maintain position in the middle-middle class, emanate from the sort of person who gives that group the deepest and most reflexive shudder of all: pee-on-the-side-of-the-road white trash.

Brown's audacious—and winning—decision was not to hide her past, nor to embrace it, but to feature it as something she had transcended through hard work and almost pathological optimism. She also took an attitude toward men that was 180 degrees from that at the

BAD GIRLS GO EVERYWHERE

By Jennifer Scanlon

OXFORD

SEX AND THE SINGLE GIRL

By Helen Gurley Brown

BARRICADE

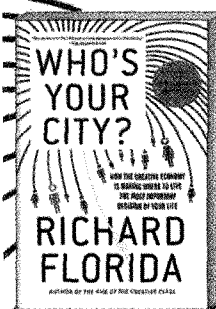
RESILIENCE: REFLECTIONS ON THE BURDENS AND GIFTS OF FACING LIFE'S ADVERSITIES

By Elizabeth Edwards

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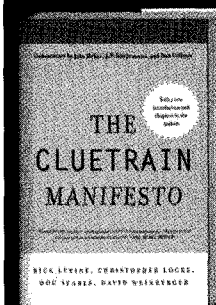
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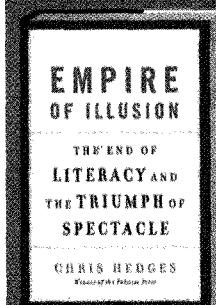
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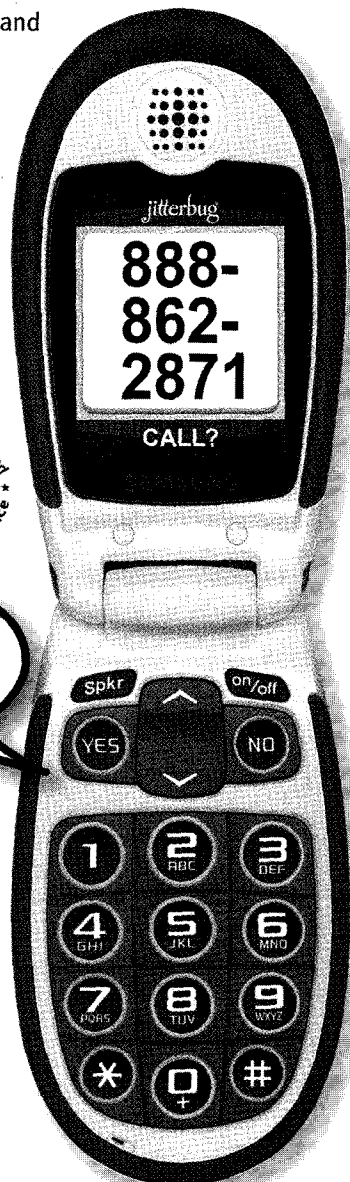
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heart of second-wave feminism: she viewed them, not as oppressors to be vanquished, but as resources (economic, sexual, professional) to be tapped.

Brown's principal obsession was not sex but money, or more precisely the saving of money: thrift at its meanest. Scanlon sees in this relentless focus the classic lines of a Depression childhood. But this Arkansas girlhood was not one marked by the specific privations of a singular event: this was a life in entrenched poverty, the kind that no one sentimentalizes, because to be poor and white in the Jim Crow South was to be so far on the wrong side of anything we hold as ennobling that we look away and leave it unaccounted for in an examination of someone who grew up to be a person of substance. When you advise a woman to dally with men because they might, in exchange, arrange for that woman "to buy everything from electric blankets to hi-fi records wholesale," then you have violated the signal code of people who were jolted from the middle class in the 1930s: their ardent desire to behave decently because, for a time in their lives, that behavior was all that separated them from the Helen Gurleys of the world.

THE ROAD OUT of Arkansas was hard. As a teenager, Helen moved with her mother, Cleo, and older sister, Mary, to Los Angeles, the land of dreams. But no sooner had they arrived than Mary contracted polio, and these three nearly desperate females in the worst economic disaster in national history lived in the shadow of the Orthopaedic Hospital of Los Angeles. For her part, Helen was cursed (and would forever be physically and emotionally marred) by acne, and that affliction seemed to add to the little family's sense of terror as much as the polio. "We were just scared," she remembered.

Twice each week after my mother would take me to the doctor to get all the pustules opened from my terminal acne ... she and I would just drive around and cry in our old Pontiac. That was all she and I could think of to do.

They sent Helen to college, but they could afford only one semester,

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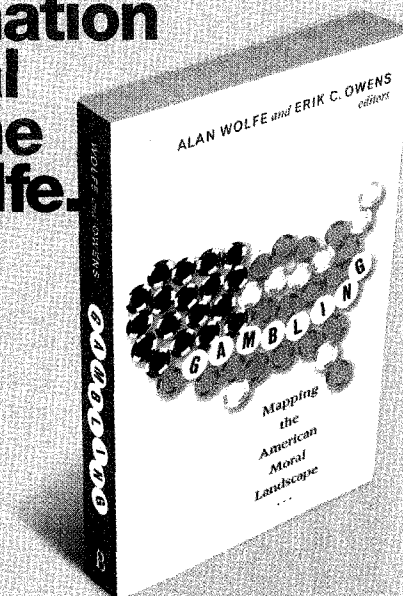
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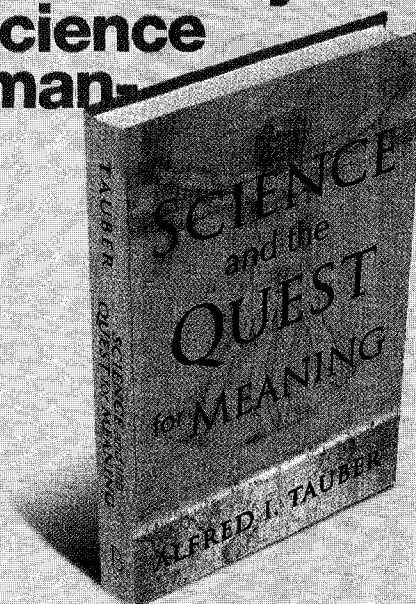
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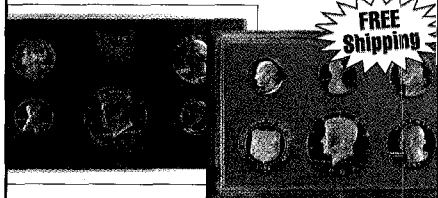
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and soon she was back in Los Angeles, taking a "business course" (the typical typing and shorthand classes girls of her station were sent to) and then working "like a wharf-rat" at secretarial jobs, supporting everyone. At her age, working in an office could have been the prelude to a diamond solitaire and a farewell bridal shower, but the acne and the wagonful of baggage (the widowed mother and the crippled sister) were liabilities she could not overcome. She became, instead, a round-heels, a bawdy creature who was available to be kept, if the price was right—even if the sex was dreary, or worse—and who had no problem asking her lovers for cash gifts instead of trinkets.

There is no better place on Earth to live (or die) by your wits than Los Angeles, and Helen's secretarial jobs led her to Foote, Cone & Belding's downtown offices (cf. Peggy Olson in *Mad Men*). One night, when all the other office girls headed off to yet another bridal shower (one to which Helen had pointedly not been invited), she stayed late in a fit of "I'll show them" and pounded out an essay for a *Glamour* magazine contest; she won a fabulous all-expenses-paid trip to Honolulu. When she came back to the office, she had a new sense of her powers. She eventually landed a job as a copywriter and inched her way up the ladder, until she was paid more than many men at the firm. Copywriting, essentially, would become her life's work.

And then, just as the clock was striking midnight, the hand of God. At 35, she met David Brown, a Hollywood producer nursing himself through a second divorce on a diet of starlets. Helen moved into an apartment near his house and waited him out. After two years, they married and fell into the kind of companionable, happy domestic partnership that a worldly man of 43—one whose pleasures have begun to center more on the Sunday walk through Will Rogers Park and the early dinner followed by a confection of No-Cal orange soda and ice milk for

dessert than on the relentless pursuit of sexual innovation—can find in a woman a few years his junior and no longer hoping to have children.

One weekend when she was out of town visiting family in Arkansas, something happened that fell along almost mythic lines. Poking around in her papers, he came across a cache of love letters between Helen and a married man she had once met on an airplane. The letters excited David, who must have read them the way spouses always read such things: with guilt for prying into something private, a sense of betrayal at not really being the first—as one is always assured—to have tendered such deep emotions, and a new titillating regard for a person who can seem, at times, like a roommate.

When Helen came home, he had a plan: she would write a book, based on

her days entertaining so many men, some married, some not. It was a project through which the aging lovers would excite one another. David came up with the title, the outline, and the publisher (the redoubtable Bernard Geis, who would later make a cultural icon of Jacqueline Susann), and he envisioned her, from the beginning, not as a

writer, per se, but as a "spokesperson."

For all the unclaimed treasures of the workaday world (Bertha in Accounting, with the hair on her chin; Dolores in Typing, with the illegitimate son; Wanda the clerk, with the lift in one shoe), Helen Gurley Brown invented a new identity, created a category into which millions of them happily shuffled themselves. Spinsters no more! They were—as one—"the single girl," and they were emerging as "the newest glamour girl of our times."

But first Bertha was going to have to pluck that hair and pare off the extra pounds. And she would have to redecorate her apartment so that it was a little mantrap, stocked with her man's favorite booze and a big thirsty bath sheet for him. The bathroom should also offer two fresh cigarettes, an ashtray, and a book of matches. Indeed, Bertha

Helen Gurley Brown viewed men not as oppressors to be vanquished, but as resources—economic, sexual, professional—to be tapped.

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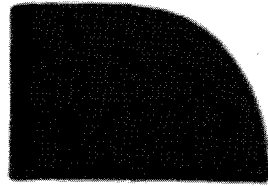


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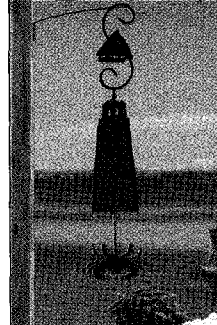


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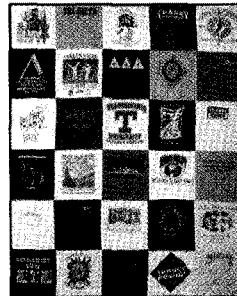
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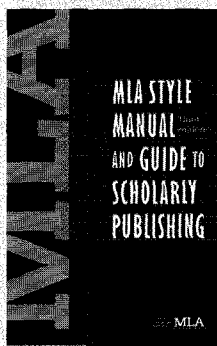


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And then, two tricky bits. First, Bertha was going to have to turn her "job" into a "career." Just as Helen had taken her secretarial position by the horns and become the top female copywriter on the Coast, so would Bertha take that job in Accounts Payable and ... well, blur that for now! Magazines sell dreams, and the one that *Sex and the Single Girl* and *Cosmopolitan* were selling in the '60s was that pink-collar jobs in the pre-computer office world could be a rung on a ladder, when they were in fact a little stepladder all their own, leading nowhere. True, a few secretaries parlayed typing and dictation into a glamour job, and some even married their bosses. But undoubtedly more ended up as the Miss Moneypennys of the world, forever swooning over their dashing executives but going home to their studio apartments to feed the cat and tuck the \$5 bill into the niece's graduation card.

Now that Bertha had retooled herself and her apartment, she had to go about catching herself a man, but—here's the sleight of hand—she shouldn't think that any one man was *the* man. The place to start was with the married men at work, the ones Bertha had never taken notice of before, because she hadn't thought of them as "eligible"—which, strictly speaking, they weren't, but they were the shimmery lure on the water's surface. Does a David Brown want to catch a steno-pad lonely heart or a happy-hour sex kitten who can hardly fit him onto her dance card?

Unlike those elusive bachelors, no one could be easier to land than a married man—it turned out that the loathsome job in Accounting wasn't the problem, but the solution:

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boom as unobtrusively as Lucrezia Borgia.

As Scanlon aptly notes, Brown "appointed not predatory or non-committal men but married women as the sorry counterpoint to her sexy girls." For the reader with moral qualms? "I'm afraid I have a cavalier attitude about wives," Brown announced from the outset of her public life. To Scanlon—whose besotted encomium may constitute Brown's final caress in this vale of tears—the attitude amounts to "she who keeps the man happy keeps the man," a point of view the biographer hails, several times, as being fundamentally "libertarian." By this, she means that when two women bid for a man, no advantage shall be given to the one who might have children with him, or an economic dependency built upon their marriage. There is only the marketplace of feminine wiles, in which a concubine's feigned interest in a man's workday trumps a wife's quiet plea for help around the house, in which young is better than old and new is more exciting than familiar.

But "keeping the man"—that's the place where Helen's logic faltered, and where (if you read her work for the home truths and not the swizzle-stick suggestions) she had to admit that a single girl was always putting herself in grave emotional jeopardy.

LIKE MILLIONS OF other women, I have always liked Elizabeth Edwards; in fact, I've had kind of a girl crush on her for years. She carries herself in such a graceful way, and she is one of those rare people whose good qualities are amplified rather than diminished by television. She's what you're supposed to be when you grow up: so comfortable with her intelligence and her position that she wears both lightly, appealingly. "Pretty is as pretty does," my father used to tell me endlessly, and sometimes when I'm watching her and thinking how pretty she is despite the years and the "chubbiness" she scolds herself for, I have to wonder if perhaps this is the truth of that old maxim: maybe she's just such a lovely person that she is transfigured by it.

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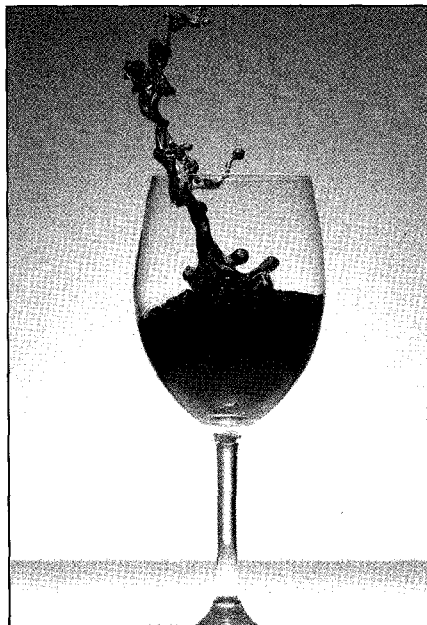
Researchers at the **Harvard Medical School** and the **National Institute on Aging** already discovered that the red wine extract offset the negative effects of a high-calorie diet in mice and significantly extends their life span (*NY Times*, Nov 2, 2006). Now, the latest research indicates that resveratrol may be even more powerful than first anticipated.

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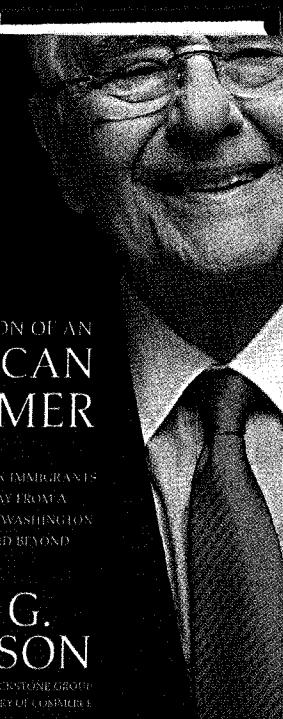
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On the other hand—and again, this is a reflexive judgment, based on nothing more (or less) significant than television appearances—there is John Edwards. Obviously vain, stupendously wealthy from his career as a personal-injury lawyer, the kind of educated southerner who drops his g's when the crowd seems common and then whips out the Queen's English when the company is elevated, spanked soundly by Dick Cheney (Dick Cheney!) during a vice-presidential debate that was supposed to show off the terrifying intelligence that resided just beneath the foppish do (he has spent his life looking like a kid just on the verge of getting his first big-boy haircut), wont to describe his childhood as a North Carolina mill worker's son with such bathos that you would have thought he'd survived the Holocaust—he was the kind of guy who would have been a fantastic host of a local news show, or the headmaster of a regionally impressive prep school, or, well, a personal-injury lawyer. But there he was, shooting for president, and the reason you had to take him seriously, the reason you figured there was something more to him than met the eye, was that he had this phenomenal wife. And she loved him so much. Every time he took the microphone in his Brooks Brothers shirtsleeves and talked about poverty (a passion that really took off for him when he was overseeing the construction of his 28,000-square-foot mansion) you cooled on him, but every time she stepped up to bat cleanup, you decided to give him a second look. And then there was the fact of their son Wade, who died at 16, and the truth that somehow the two of them had survived that loss together, not overcoming it, but incorporating it into new life and new purpose. To do that, they had to be made of something strong, exceptional.

A LONG TIME AGO, I attended the funeral of a teenage boy who died the way Wade Edwards did, in a car that flipped badly and killed him quickly. I remember standing at the burial site, under a hot Los Angeles sun, a large crowd of us waiting for the parents to arrive. The cortege

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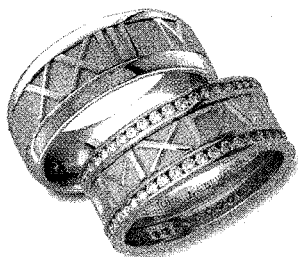
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turned in through the gates, snaked up the winding road, and pulled up to where we were gathered. For a long time nothing happened; the car doors all stayed closed, and you realized—in a misery of embarrassed voyeurism that occluded even the sadness—that a drama was going on inside the car containing the mother, that getting her to stand out in the sunshine with us was going to involve someone persuading her to allow her son to be dead.

At last the car doors opened, and you felt you should look away, but that wasn't right either, and so you watched, and it was a bad thing. At first, the procession faltered forward. The family made it down to the graveside, and a rabbi spoke. The pine box was lowered into the ground and the time came for the boy's brother to spade the first shovel of dirt onto the coffin, and that's when things fell apart. I'd known the boy well—he had been a student at the school where I taught English—but I hadn't loved him. In fact, I had never loved anyone yet, because I was years away from having a child of my own, and until you've done that you're just guessing about love, gesturing toward it, assuming that it's the right name for a feeling you've had.

Things fell apart when they tried to spade in the earth, and there was screaming and titanic grief, and you were in the position of watching someone being forced—physically forced—to bear the unbearable. At last it was done, and the family stumbled back up the hill to the air-conditioned cars with the liveried drivers, and the mother collapsed into one car, and the door was shut solidly behind her, sealing her into her shadowed madness.

"You are so hot," Rielle Hunter said to John Edwards 10 years after he and his wife buried their first boy, and after they had started a new family, and after they had given their all to a presidential campaign—with the personal losses and long separations that come with it—and after Elizabeth had been diagnosed with cancer and undergone a disfiguring

surgery and chemotherapy and lost her hair and been handed a recalculated set of odds about her life expectancy with two very small children who needed their mother. "You are so hot," Rielle Hunter said, because she turned out to be another woman with a cavalier attitude toward wives.

**Babies never
fix things
between a man
and a woman;
they always
and only
complicate
them.**

JOHN EDWARDS—WHOSE intelligence we are supposed to accept as an article of faith—has managed not only to wedge himself between two exceedingly powerful and angry women, but also to have scorned both of them. Nice one, John! On the one hand is his wife, whose suffering might have seemed impossible to multiply, but he found the perfect way; and on the other hand is his (former) mistress, a known hellcat who has been flummoxing boy-men since the '80s and whose rage over Elizabeth's book is held in check only (and here I'm admittedly basing my speculation largely on what I've come to learn about women's dreams and desires) by

her hankering to live in Tara. Hers is not an intelligence or an ambition difficult to plumb, and her dream is almost certainly to have Elizabeth shuffle off the mortal coil so that she can instate herself in the North Carolina pleasure dome and become the fun, hip, "Being Is Free," bleached-blond, super open-minded, videographing, *Power of Now* stepmom, a prospect so hideous that it makes Elizabeth Edwards's last-chance book tour look like what it is: a desperate attempt to protect her sweet, sad children from the influence of this erstwhile cokehead and present-day weasel after she has died.

But Rielle is cottoning on to the fact that John sees her, not necessarily as the woman who opened him up sexually, but rather as the bad idea that destroyed his career and tarnished everything he loves. If we can trust the *National Enquirer*—and I sure think we can—Rielle's so hopping mad she wants to go all paternity-test on John, maybe because she realizes that the golden

circle has closed back around the North Carolina mansion, and that she is on the outside.

Now, who—in all the world—could have protected Rielle from this fate, this ignominy? Who could have kept her from becoming a pariah? Why, Helen Gurley Brown, of course! Because she has said over and over again that the one thing you can never do with a married man is fall in love with him.

“A wife, if she is loving and smart, will get her husband back every time,” she wrote more than 40 years ago. “He doesn’t really want her *not* to. He’s only playing.” And, just as soundly:

It isn’t his wife who doesn’t understand him, it’s his girlfriend. And what she doesn’t understand is how come he doesn’t get a divorce.

It’s simple. Because of the children, because of the community property, and because in many cases he doesn’t really dislike his wife. He may be tired of her and tired of her understanding him perfectly, but basically they are pretty good friends.

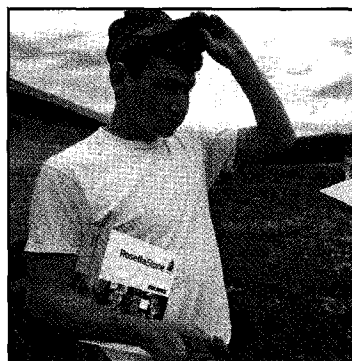
Deep within Rielle—this little minx of pleasure and profit—guess what there is? A heart that aches like a woman’s but breaks just like a little girl’s. As Helen knew, and as every woman comes to know, the female heart is a stubborn organ that insists on asserting itself in all sorts of situations, chief among them the sexual. It is very hard to be a single woman of a certain age, to be in a sexual relationship with a man who enchants her, and not to dream a little dream of his turning away from everything else and making a home with her. I don’t imagine that Rielle’s decision to have her baby (whoever the father) came from a strongly pro-life position, or from a plan to jack some cash out of the ambulance chaser. It came, surely, from the powerful emotions that accompany all pregnancies, but especially those that occur in women who probably thought they would never get to have a baby, and who find out, at the 11th hour, that the dream might come true after all, and they might have a home and a child, and (please, God) a husband and father to go with that child. It was a

decision that came, at least in part, from the eternal female bad idea, emanating from the eternal female fantasy about men: “A baby will fix this.” Babies never fix things between a man and a woman; they always and only complicate them.

Rielle may have gotten a payout and she may have gotten a late-life baby, but what she has really gotten out of the arrangement—the thing that will stand as her life’s remembered work—is that she brought another woman to her knees: polluted the home in which Elizabeth is raising her children, made her steady approach toward death a time of exquisite anguish and fear, made a mockery of the marriage and home that she tended as a tribute to her late son, Wade. That’s what Rielle has gotten for herself, at the end of the day. And really—didn’t she have a perfect right to it? It’s a free country, after all. **A**

Caitlin Flanagan is the author of To Hell With All That (2006). She is at work on Girl Land, a book about the emotional life of pubescent girls.

Editor’s Choice will return next issue.



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Sons and Lovers

ELIZABETH EDWARDS'S MEMOIR SHOWS THAT THE PAIN OF INFIDELITY PALES IN COMPARISON TO THE LOSS OF A CHILD.

By Christopher Hitchens

POTENTIAL READERS should not be deterred by the vaguely Hallmarkish cover—and subtitle—of this book, both of which may be blamed on the publisher. I'm assuming that Broadway Books has a packaging-and-editing style all its own, because on page 88 it makes Elizabeth Edwards tell us something that "Edmund Wilson, the incomparable twentieth-century literary critic, said." Perhaps someone at the firm felt that this would explain just exactly who Wilson was to a reader who didn't know, but the effect is to be condescending and to diminish the impact of reading a senator's wife who is well able to cite Edmund Wilson in her own right. Elsewhere Mrs. Edwards gets her

own way, quoting with familiarity and aptness from Sophocles and Millay and making astute comparisons between the novelistic characterizations of John Updike and of Henry James. (Her husband's "campaign biography" book, *Four Trials*, was co-written with him by my friend John Auchard, editor of the somehow perfectly titled *Portable Henry James* and an academic colleague of Elizabeth's; few such workaday volumes can boast this sort of step-parentage.)

One of the more noticeable features of John Edwards's little book was the sense it conveyed that the candidate understood perfectly well that he had

married the smartest student in his law-school class. And nobody who saw them together could fail to notice that he was always—and understandably—somewhat in awe of her. (Perhaps here is the moment for me to say that I used to see a good deal of them both in Washington, beginning with my writing a profile of him in 2002, and that we have been on friendly social terms in each other's houses. I think I may refer to her as "Elizabeth" rather than "Mrs. Edwards" from now on.)

Notwithstanding the fact that she has been the wife of a senator, presidential candidate, and vice-presidential nominee, the most important men in this

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story are her late father and her first-born son. That the firstborn son is also "late," having been killed by a freak traffic mishap in 1996, at the age of 16, is surely the eventual dominant motif of the book. Political defeat, cancer, infidelity, other family losses: you can somehow tell that if she could avail herself of the remedy in the Millay poem "Interim," which she quotes so beautifully, but would have to choose to have just one thing put right again, it would be Wade. I remember once discussing with Elizabeth the brute evolutionary fact that people used to have large numbers of offspring because they had to count on burying at least some of them; however objectively one reasons such a thing, it will still, always, appear to be against nature for a parent to be at the funeral of a child, rather than the other way about.

The contrasting and connected story—of her long attendance at her father's sickbed and his eventual dying—is one of stoicism rather than grief. Captain Vincent Anania, a veteran Navy flier and evidently a man of considerable physical and moral courage, was much reduced in both body and mind in the last two decades of his life but managed to sustain a resistance to death and despair that is pretty obviously the inspiration for his daughter's main title. ("There is nothing about resilience that I can say that my father did not first utter silently in eighteen years of living inside a two-dimensional cutout of himself.") I note, and not just in passing, that Elizabeth unflinchingly records her mother's conviction that the gallant captain had been unfaithful to her while she was "buried in babies" (an odd and interesting formulation). She also remarks tenderly that when, with two years left to go, her father "unabashedly flirted with the aide at the assisted-living center, he was saying to the world what he said to me in 1990: I understand that it will not be all I crave, but I want to live." For now, one might just observe that John Edwards, as well as knowing that his wife was the clever one, must also have understood that she had a very high standard for masculine role models.

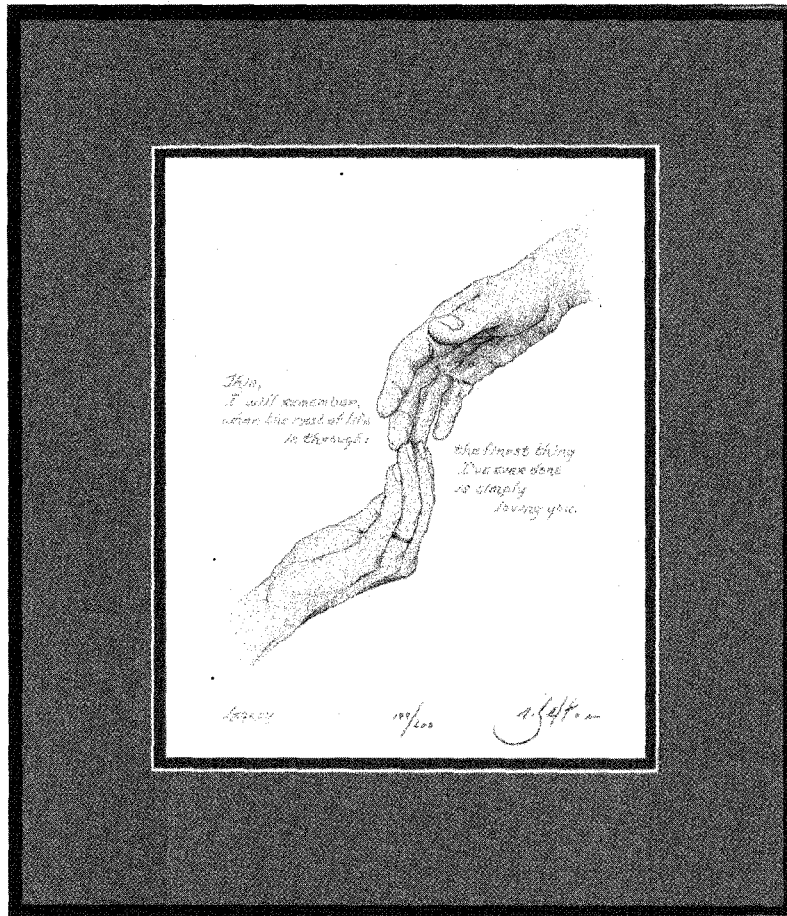
She has herself, meanwhile, become a best-selling model for many readers, and not, I am sure, only for female ones. She is a person with many friends and

many internal and moral and intellectual resources, yet she confesses in the most disarming—and helpful—manner how much the Internet came to her aid, first when her son was killed and second when she discovered that a term had been set on her own life. The importance of this medium in bringing about a great unspoken social reform—the abolition of loneliness—has not to my knowledge been better evoked.

As to the other great supposed cure for isolation, the consolation of religion, Elizabeth is at the same time vulnerable and skeptical. In describing the dreams and superstitions and fantasies that assailed her when she lost her boy, she confirms something that I have long thought to be true about the apparent conundrum of female religiosity: Why is it women who keep up the congregations in male-dominated places of worship? That's easy: women do all the childbearing, and they will try anything—*anything*—to ward off the illness or death of an infant. They will also grieve over and commemorate such a catastrophe long after the menfolk have "moved on." Elizabeth manages to get a slight laugh out of a sad parishioner at her North Carolina church who says that his unending misery is like the movie *Groundhog Day* ("I think he must have left before the end of the film"), and she ends up with a sort of deistic compromise whereby she doesn't demand the right to have an explanation from God but doesn't believe he intervenes, either. Like a surprising number of people, she fails to see any contradiction in the idea that God "gave" her "free will." When she goes to texts for illumination, she is more likely to quote Ovid than the Gospels. From the Old Testament she prefers the Book of Job, and no wonder.

Reflections on eternity versus extinction must naturally curtail the amount of time one is prepared to squander in revisiting the Kerry-Edwards ticket or the later stand-alone Edwards campaign. But even so, the attention paid to national politics here is astonishingly slight. Of the lame and miserable campaign of 2004, Elizabeth can bring herself to say no more than that the losing duo was better on "the issues." Of the 2008 contest, she reveals perhaps more than she quite realizes by telling

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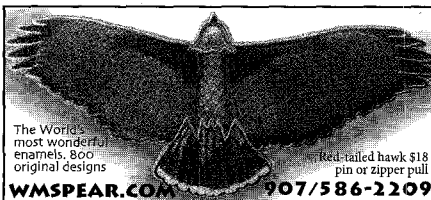
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THE DAILY DISH ANDREW SULLIVAN

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us that John Edwards confessed his infidelity to her in late 2006, after he had announced his candidacy but before the campaign had got under way. If I were Hillary Clinton reading this rather throwaway admission, I might find myself whistling and growling a bit. After all, the then-presumptive nominee had more or less succeeded in living down her own erring husband by the time of the Iowa caucuses. And she might have ridden the punch of an Obama victory in Iowa, and come back swinging. But she placed third in Iowa, behind John Edwards, and many good judges think she never quite recovered from that. So Edwards's last hurrah has a place of its own in American history.

And all through that hurrah, both Edwardses were living with the knowledge that a third party could at any moment gravely embarrass them. It must have required some unusual nerve for Elizabeth, by then quite a darling of the Democratic rank and file, to go on giving her fighting speeches and fund-raising appeals in between sessions of chemotherapy and acute marital misgiving. She says that she believed the affair to have been a one-off or a one-night stand, but nowhere else in the book or in her public record does she evince the kind of naïveté or credulity that would be required for this to be really what she thought. She is quite entitled not to "deal with" the possibility that the affair also led to the birth of a child, but in the dialectic of her book, had she allowed the idea, the eventuality might have "fit" almost too well. In the unequal battle between life and death (as she understood in her father's case), Eros has its part in warding off Thanatos, and if this really was—as I believe—her husband's first lapse, it might have been partly because of the death-haunted context in which, for all his money and charm, he found himself.

Reflecting a little on the way in which politics exerts a magnetic force on the wrong kinds of people, from groupies to stalkers, Elizabeth gives us an amazing cameo of "Jim," the obsessed and creepy

"volunteer" who would not quit. Jim was mainly an amateur chauffeur who would go anywhere to do the Edwardses a favor. But he couldn't hold it at that:

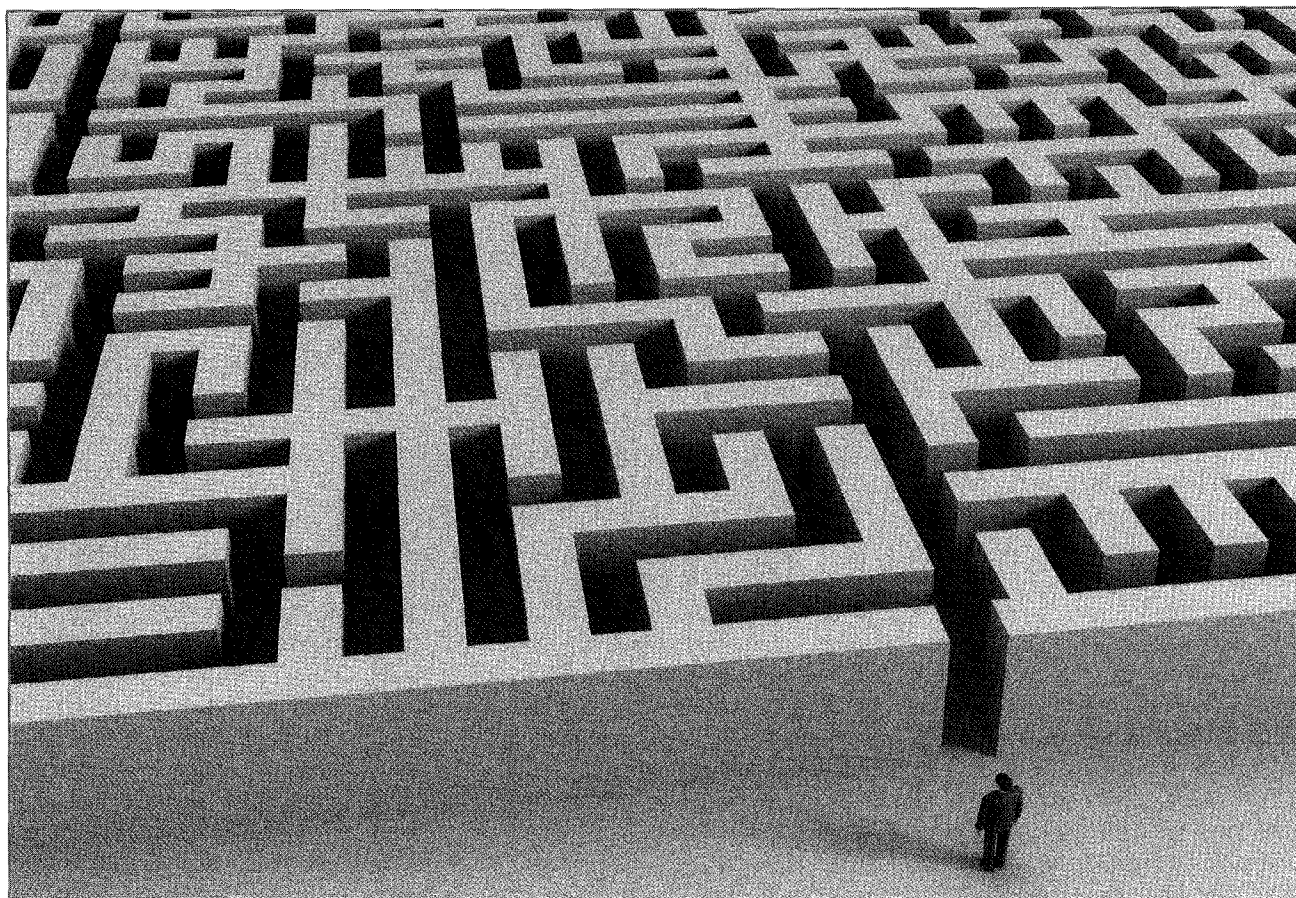
He bought cars like the ones we drove. He wanted to vacation where we vacationed. He had birthday parties for himself and invited all our friends. He sent daily e-mails to almost everyone we knew. And he became close with the videographer, who also did not understand boundaries ...

"The videographer" is the closest that Elizabeth will come to naming the other woman. In the meantime, she has slightly thrown away a chance to make a telling reference, not this time to *Groundhog Day*, but to that other great little driver and political canvasser Travis Bickle.

In case you were wondering earlier what it is that she has annexed from Edmund Wilson, it is this: "Why should I have solace when [s]he hasn't breath?" Uttered upon the death of any loved one, this is excellent and sobering insurance against any too-Oprah-like search for comfort or "closure." What is the proper quantum of solace for the survivor when the real source of the grief is someone who has lost everything, and forever? The number of different ways in which Elizabeth approaches and studies and cogitates the death of her son Wade would justify a book on its own, and indeed constitutes a sort of book within this book.

Forced to face her own demise, she can, I think, be forgiven for stretching out her last chapter—which is called "In the End"—just a fraction too long. (And who wouldn't? Who doesn't?) Rather daringly, and consciously risking the charge of mawkishness, she actually closes on a maxim that was gleaned from a Chinese fortune cookie. Things like this are permitted to those who can, in the face of such adversity, be both humorous and tough-minded. ■

Christopher Hitchens is an Atlantic contributing editor and a Vanity Fair columnist.



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West of the West

Mark Arax

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By turns lucid, harrowing, and comical, this collection of dispatches paints a darkly impressionistic portrait of modern California. A journalist and native son, Arax puts paid to vestigial West Coast clichés and replaces them with ominous realities and discontents encountered during four years of intrastate travel. Migrants, exiles, dreamers, schemers, murderers, hippies, fundamentalists, conspiracists, environmentalists—all share space in these pages and in that vast Golden State. The possibility of crazy-quilt discursion looms high, but Arax calmly sews the diverse stories and dramatic studies into coherence and poignancy. The effortless mix here—memoir and reportage, psychography and geography—coolly achieves the author's aim: “to find the truth and the lie of the California myth.”

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Robert Pogue Harrison

CHICAGO

There's much more to gardens than the “green thought in a green shade” of Andrew Marvell's poem, one of the many works of literature across the world and through the ages to which Harrison refers. A garden is as contradictory as life itself and as essential, he argues in this passionate piece of advocacy: a refuge and a burden, a place of repose and of labor, paradisaical and perilous. Important to humanity since the early civilizations, the garden became increasingly relevant with growing urbanization and industrialization. It is perhaps even more so now, as we look to ecology and conservation for the means of planetary survival.

For the Thrill of It: Leopold, Loeb, and the Murder That Shocked Chicago

Simon Baatz

HARPER

Unlike Meyer Levin's famous novel, *Compulsion*, which sought the motive for this shocking crime by going deep into the criminals' minds, this book crisply disposes of the question with its telling title. Instead Baatz's expertly told criminal procedural offers a clear, detailed exposition of the murder: how these two bright, supremely confident teenagers planned and executed what

they were sure was the perfect crime, and how it immediately went awry, leading to their sensational trial but, thanks to their brilliant defense counsel, Clarence Darrow, not to their hanging.

The Shameful Peace: How French Artists and Intellectuals Survived the Nazi Occupation

Frederic Spotts

YALE

Despite the provocative title (a phrase from Jean Cocteau), this thoughtful study contains more understanding than finger-pointing. Those unlucky enough to have to live in Nazi-occupied France ran the gamut from Resistance heroes to enthusiastic collaborators; most just tried to get on with their lives and work. Spotts shows that those involved in the life of the mind and imagination were no exception. He presents the individual cases with a clear, and therefore subtle, eye: “Deciding how to react,” he writes, “posed excruciating moral and political choices.”

The Face on Your Plate

Jeffrey Moussaieff Masson

NORTON

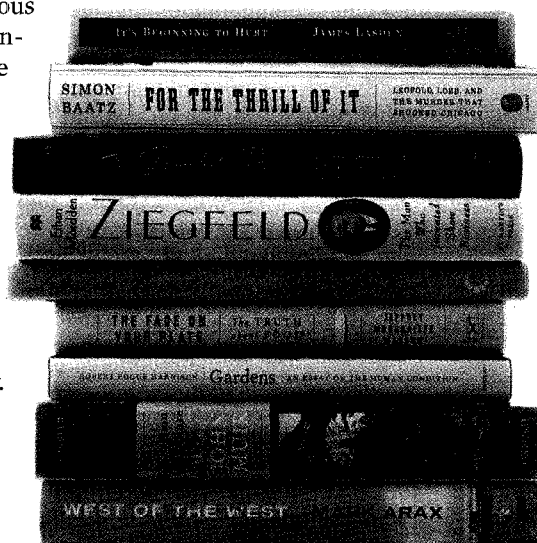
Countless books advocate healthy, humane eating, but few bring to the table the wealth of knowledge and insight found here. Not only the intensely personal account of a dedicated vegan, the book is buttressed with a wealth of scholarship, reflected in copious footnotes and a wide-ranging bibliography. But Masson's rare combination of passionate advocacy and scientific perspicacity makes this book unusually powerful. As a psychoanalyst, he addresses the psychological and emotional barriers that keep people from adopting a compassionate lifestyle—and one so manifestly in their own interest, as well as society's and the planet's.

A Passion for Nature: The Life of John Muir

Donald Worster

OXFORD

As the re-greening of America gathers momentum and grows



fresh meaning, terms such as *sustainability*, *biodiversity*, and *carbon footprint* twine, kudzu-like, around the national parlance. How apt, then, that a measured, graceful, and thorough biography of the country's iconic environmentalist should appear now. The Scottish-born Muir is best known as the founder and president of the still-vital Sierra Club. Yet he was no single-minded crusader. Rather, he was rife with seemingly irreconcilable contradictions: a gifted engineer and an inveterate tinkerer who somehow hewed to the naturalist's leave-it-be credo; a domesticated husband and father most truly at home in Nature unbound; and the possessor—despite a deeply reflective temperament and penchant for solitude—of a keen activist ability to confer his preservation passions on influential friends (Emerson, TR) and parlay those personal beliefs into national parks and protected wilderness areas (Yosemite, Kings Canyon). He also did his part—via verbal and literary feuds with Gifford Pinchot—to forge the lingering preservation/conservation schism within the greater environmental movement. Worster treats his paradoxical subject—and Muir's voluminous essays, dispatches, letters, and other writings—with scholarly diligence and heartfelt but modulated respect, letting Muir's singular tale, his “special self,” tell itself, naturally.

Leonard Bernstein: American Original

Burton Bernstein and Barbara B. Haws
COLLINS

Jointly edited by Bernstein's brother (a longtime writer at *The New Yorker*) and the historian and archivist of the New York Philharmonic, this well-

illustrated volume presents views of the conductor/composer by a variety of musicians and critics. The upshot is a kind of Lenny album—but it's very much the public figure, the whirlwind of titanic musicality and personality, on display here. The authors offer none of the salacious details about his personal life that have featured in biographies written since his death, in 1990—nor do they focus on the maestro's left-wing politics (as does the intelligent but sometimes heavy-handed *Leonard Bernstein: The Political Life of an American Musician*, a new title by Barry Seldes). Refreshingly, Bernstein's triumphs on the podium, in the theater, and on television (where his broadcasts for adults and the innovative Young People's Concerts broke new ground) take center stage here.

Ziegfeld: The Man Who Invented Show Business Ethan Mordden

ST. MARTIN'S

As the hyperbolic subtitle shows, this book makes huge claims for its subject. But Mordden, chronicler par excellence of all aspects of Broadway, makes a convincing case for Ziegfeld's unique importance. From his creation of the *Follies* that bore his name and reflected his twin passions for female pulchritude and spectacular stagecraft to his swan song as producer of the first great modern musical, *Show Boat*, Ziegfeld transformed burlesque into a new kind of American musical theater. In addition, he showcased such stars as Will Rogers, Fanny Brice, and Eddie Cantor. His name became a brand, signifying a grand style and a certain kind of extravaganza that only he could deliver.

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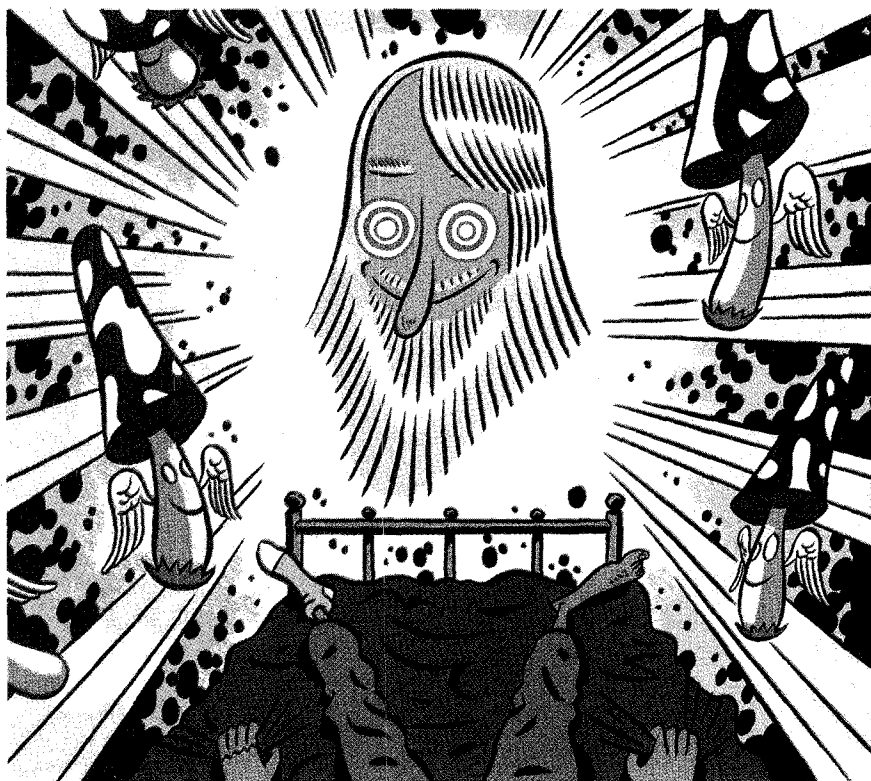
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WHAT'S YOUR PROBLEM?

By Jeffrey Goldberg



My father recently retired and gave me several high-quality suits that he no longer wears. We are the same size, so that's not a problem. The problem is the vests. Should I wear the vests, or ditch them? Can one still get away with wearing vests, and do suits that come with vests look odd without the vest?

P. D., Westchester, N.Y.

Dear P. D.,

We here at *The Atlantic* grapple with all sorts of problems: matters glandular and jugular, animals crepuscular, extractions tonsillar, Mormons tabernacular, the politics of Simón Bolívar, diseases vascular, the arthritis of Renoir, Freddie Mercury in Zanzibar, my lost Wanderjahr, and polishing the samovar. But we don't know anything about fashion. I suggest you send your question to this address: styleguy@gq.com.

I'm having a fight with my wife over a seemingly stupid issue. We're having friends over soon for a barbecue,

and in planning the menu, I said we should have watermelon for dessert. She objected because some of our guests are African American, and she thought they might take offense. I said it's not racist to serve watermelon to black people, and she agreed. But she thought that, to avoid making our guests uncomfortable, we should be sensitive to stereotypes. Is she being hyper-politically correct, or is she right that people might think we're projecting racial stereotypes onto our guests?

H. R., Philadelphia, Pa.

Dear H. R.,

Well, it sounds like we're in for a very relaxed barbecue. Are you serving existential angst for an appetizer? To borrow from Freud, sometimes a watermelon is just a watermelon. My suggestion, though, is for you to serve cantaloupe, or honeydew, or another member of the melon family, or perhaps a selection of berries, not because watermelon would necessarily offend your guests, but because its presence would destabilize your excessively

thoughtful wife. And we'd like her to enjoy the barbecue too.

Yesterday I met a North African man who claims that in 1983 he saw a vision of Christ in his bedroom that lasted three hours. The experience caused him to convert to Christianity from Islam. He is a sane, well-spoken adult who has three children and is successful in his career. What can I do to have my own three-hour vision of Christ?

J. C., New York, N.Y.

Dear J. C.,

The famous mystic and Jesuit philosopher Pierre Teilhard de Chardin believed that such visions could be reflective of an increasingly unified human consciousness. He thought that intense prayer can bring about altered states that enable us to apprehend deeper spiritual mysteries. You might try that. Alternatively, have you considered ingesting a combination of MDMA and psilocybin (known in the vernacular as Ecstasy and mushrooms)? This practice, which the kids today call "flower flipping" or "hippie flipping," might work too.

In reference to a previous request for help, from a man having trouble meeting women (May Atlantic), What's Your Problem received the following letter, via the U.S. Postal Service:

Forgive me if I sound callous, but I can't work up a lot of sympathy for that guy who complained about the difficulty of meeting women in the Philippines. The solution to his problem is simple. Rather than approach women directly, he needs to work on meeting men, in the hopes that one of them might end up introducing him to his sister. Where I'm at, a more direct approach is customary.

Allen Montgomery, #111632

*Indiana Department of Corrections
Pendleton, Ind.*

To submit your question or request for advice, please e-mail advice@theatlantic.com. Include your full name and address.

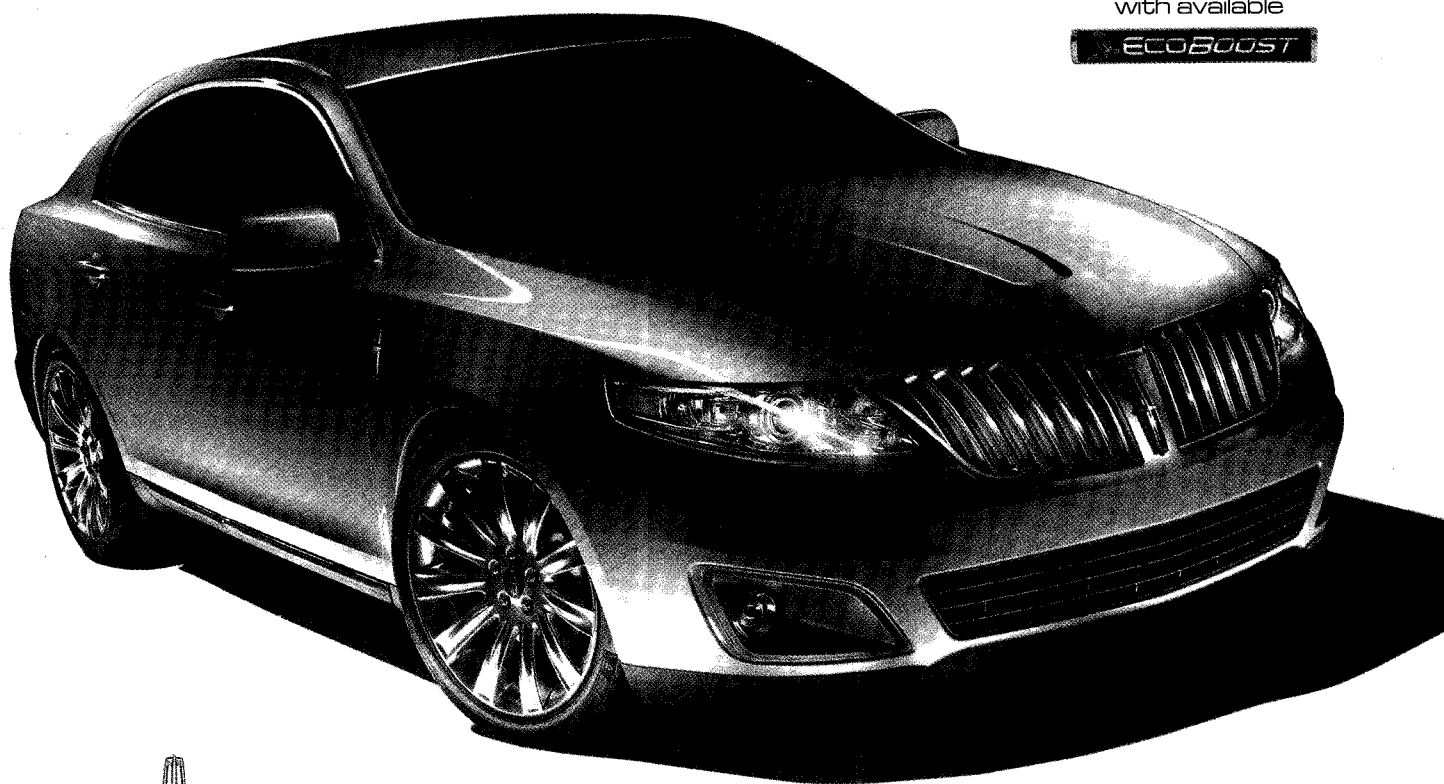
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